

**RETAIL IMPACT ASSESSMENT:
A CRITICAL EXAMINATION OF ITS
APPLICATION IN THE PLANNING PROCESS**

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1. INTRODUCTION

1.1 Origins of the Research

My interest in retail planning has developed over a long period. As a planner with experience in local government and in planning consultancy, I have had a direct involvement with retail policy and impact issues for some 25 years. During this time there have been many significant changes in retailing and changes in attitudes about new shopping development by Government and among planners. It is a rapidly changing field and one in which there has been considerable debate about retail trends and the effects of new forms of retailing on existing centres.

During the early part of my career in local government I was mainly concerned with the formulation and monitoring of strategic land use policy on shopping and advising on the impact of proposed superstore developments in the 1970s through to the mid-1980s. I was involved in the development of shopping models and undertook several retail impact studies in connection with major planning inquiries. The methodology that was used at that time is now no longer considered appropriate, and certainly it does not meet the requirements of current Government advice on assessing new retail developments.

Since moving into planning consultancy, I have carried out a large number of retail impact assessments for clients since the late 1980s. I became very critical of some of the approaches being used and the quality of the conclusions being drawn from retail impact studies, and therefore the quality of the advice being provided to local authorities on planning applications. I have also been involved in several planning inquiries into proposed retail developments, and became concerned about the level of understanding shown by those giving evidence and in some cases by Planning Inspectors.

I became aware that my own knowledge was lacking in some areas and I decided that I would remedy this situation by making a detailed examination of the application of retail impact assessment (RIA) in urban planning. For convenience I will use the abbreviation RIA throughout this thesis. My research proposal was

accepted by Newcastle University to study part-time for a PhD and the research commenced in October 1994. At that time I was employed by WS Atkins as head of the planning consultancy team in its Northern regional office in Middlesbrough. In January 1996 I set up my own planning consultancy business, England & Lyle, based in Darlington. The research has been extremely useful to my consultancy work in retail planning, and my consultancy experience has also helped considerably in carrying out the research.

In particular, my consultancy background has given me access to information from other planning consultants and I have been able to draw on my personal contacts with other consultants who have experience in RIA. I have also been able to gain from my personal experience of carrying out RIAs and advising both private sector clients and local authorities on shopping issues. The information that has been produced from this consultancy work is used quite extensively in the thesis, particularly in my case studies which are based very closely on practical examples of the application of RIA that I have carried out with WS Atkins and in my present role as a partner of England & Lyle.

1.2 Main Hypothesis

RIA methodology has evolved over the last 30 years and has moved through several stages. At the same time there have been new directions in planning theory which have in turn influenced planning policy. Shifts have taken place in government policy towards retail development with changes in attitudes towards new forms of retailing, particularly in out-of-centre locations. A key issue in retail planning is whether major shopping developments have an unacceptable impact on existing town centres. In the mid 1990s this question has achieved high political profile and has become more significant because of growing public concern about the cycle of decline perceived in many town and city centres.

Approaches to assessing retail impact have changed considerably over recent decades because of technical advances in planners' understanding of the retail system and through learning from past experience on the effects of new retail

developments. But at the same time there has been a realisation that assessing the impact of a new shopping development is not simple; it is concerned with outcomes which cannot easily be predicted or quantified. Human behaviour and the retail system are too complex for retail impact assessment to be treated as a mechanistic exercise.

It is the central hypothesis of this research that the developments which have taken place in RIA methodology have tended to follow changes in the policy context in which planning is carried out in Britain, and that the application of RIA needs to respond further to the policy climate underlying urban planning in the 1990s.

At the outset I embarked on the research with the idea that a best practice guide could be produced to help those who are involved in assessing the impact of new shopping developments to use a sound methodology and make informed judgements as a basis for planning decisions. I believe that advice on best practice would be very beneficial to local authorities, consultants, retailers and developers, and the Planning Inspectorate. It is clear, however, that such advice must be firmly rooted in policy and must help in implementing and interpreting current planning policy guidance. Policy guidance on retailing has undergone some radical changes during the 1990s. The practice of RIA has not yet adjusted to the requirements of the new Planning Policy Guidance Notes PPG6 and PPG13, but it will need to do so if the planning system is to respond to future development pressures. Development plans must provide a clear policy base for new shopping development, and planning applications and appeals must be decided on the basis of good advice on retail impact issues.

Therefore, the research sets out the fundamental concepts on which retail planning is based. It seeks to show how the current methodology of RIA could be improved, not just technically but also in order to reflect the requirements of current policy. Consideration is also given to ways in which the application of RIA in the future may have to respond to anticipated trends in retail policy and emerging issues in

planning. It is intended to be a critical examination of both the methodology and its application.

1.3 Scope of the Thesis

The focus on RIA needs to be set within a wider context of urban planning in general and retail planning in particular. Because of the main research question put forward, it is also important to examine in detail the policy context for the planning system. Therefore, in the present chapter some initial comments are made about:

- the available literature on retail planning and how it has been reviewed in preparing this thesis
- definitions of the key terms used in the research, and
- explanation of the research methods and data sources used.

The first few chapters, after this Introduction, deal with the following aspects which are crucial to an understanding of retail impact issues and the application of RIA.

The structure adopted is:

Background	the nature of retail impact and its importance in planning; the retail property market; evolution of retailing, and current retail trends
Historical Development	evolution of the approaches to RIA looking at four phases of development from the 1960s through to the 1990s
The Methodology of RIA	overview of the methodological approaches to RIA and evaluation of the approaches
Policy Context	review of retailing in the context of planning theory; theoretical issues and concepts in retail development; Government policy on retailing; vitality and viability, and Government advice to local authorities

After these important background aspects, an analysis is made of a questionnaire survey of local authorities which concentrates on:

- the local authority policy response to new retail development, and
- the views of local authorities on RIA.

The results of the local authority survey are of great significance to this thesis because they give an insight into how local government planners regard retail impact questions.

Information from these early chapters is then used to highlight current issues in retail planning. Key issues are identified as being:

- the implications of decentralisation of retailing
- reversing the decline of town centres through the plan-led approach and town centre regeneration initiatives, and
- sustainability in relation to retail development.

The remaining chapters deal with four substantive areas of analysis:

The Application of RIA in Britain	an analysis of planning appeal decisions on major retail developments; views of Planning Inspectors; and a detailed critique of different types of retail development
Experience in Europe and North America	international comparisons of the pattern of retail development, the planning response, different approaches to RIA and evidence of impact
Case Studies	practical illustrations of retail impact issues concerning the relationship between impact and the vitality and viability of centres, linked trips, and controls on out-of-centre retail development
Best Practice in the Assessment of Retail Impact	evaluation of approaches to RIA to show best practice in quantitative and qualitative assessment; discussion of the methodological issues involved; and a recommended framework for RIA

Finally, conclusions are drawn in relation to the key research question, which addresses the way in which RIA methods should be used in the current policy context. The conclusions focus on approaches to RIA, the relationship between impact and policy, implications of current policy on retail planning and the need for advice on best practice. Key questions are discussed on each of these topics.

1.4 Literature on Retail Planning

There is an extensive literature on retail planning from the 1960s onwards. In a recent critique of the literature in this field, Brown (1992) notes that retailing and retail location have spawned a substantial amount of published research but he is critical of much of it.

“The locational literature ... has been characterised by a lack of consensus on definitions and methodology; it has been subject to the effects of changing epistemological and philosophical fashions; and, not least, prone to an academic adaptation process whereby concepts developed at one spatial scale are applied at all manner of others” (Brown, 1992, p239).

The literature is certainly wide-ranging and from diverse academic origins - urban geography, town planning, development economics, estate management, marketing, and other disciplines.

In preparing this thesis a bibliography of some 250 references has been compiled and set up as a computer database. This excludes a large number of individual retail impact studies and Planning Inspectors' decision letters which have also been consulted. The bibliography is listed in Appendix 1.

A thorough review has been made of the available literature on retail planning and impact assessment, together with relevant background material on planning theory. The literature studied includes books, journal articles, research papers and reports, Government publications, and retail impact studies. Information obtained from these sources and its relevance to this research are reviewed in detail in the thesis. A brief commentary is given below on the nature of the literature that has been consulted based on a chronological appraisal of the subject matter and the types of publication that have been produced.

From an analysis of the literature compiled in the database, six phases can be identified in the development of research and knowledge on retail impact assessment:

(1) The period from the early 1960s up to the mid 1970s was dominated by publications on shopping models, focusing on the development of models and the

problems associated with them. This was also a period of related theoretical developments in terms of rational planning. There are several references in these early publications to experience of new forms of retailing in the USA and Europe.

(2) From the mid 1970s to the early 1980s was the era of post hoc impact studies of superstores and hypermarkets. At this time predictive impact assessments developed and there are numerous sources on developments in RIA methodology concerning superstores.

(3) In the early to mid 1980s there was great concern with retail data problems and with planning theory, reflecting the different perspectives of free market and neo-Marxist ideologies. Refinements took place in RIA methodology, and concern began to be shown about the impact of retail warehouses as well as superstores.

(4) In the late 1980s policy issues became more prominent, with the publication of the Government's first Planning Policy Guidance Note 6 (PPG6) and some important reports on prospects for shopping in the future. Further information was produced on shopping in the USA and Europe, and the first evidence became available on out-of-town regional shopping centres.

(5) The early 1990s saw a considerable growth in literature on retail planning, including references to planning theory, policy and methodology. Further research was published on North America and on the new regional shopping centres.

(6) From 1994 onwards the literature tends to concentrate on policy issues arising from PPG6 and on related matters, for instance vitality and viability of town centres and sustainability. There are numerous publications on new types of retailing such as factory outlet centres.

1.5 Definitions

The terminology of retail planning and RIA is quite specific and it is important to be clear about the terms used and their meaning. The main terms are defined in the

Glossary in Appendix 2 and they are referred to briefly in this Section. Brief mention is also made of the context of retail development in Britain as a phenomenon of the period since the 1960s.

The first requirement in discussing RIA is to define 'retail impact' and the types of impact. In Chapter 2 the nature of 'retail impact' is examined. The planning system is concerned essentially with the effects of new or proposed retail developments on existing shopping centres. These effects are usually regarded in terms of their economic impact on the level of trade in shopping centres but there can also be social and environmental impacts. Environmental impact is becoming increasingly important because of the issue of sustainability of new shopping developments and their effect on travel patterns. In this thesis attention is focused on economic impact because this is fundamental to the vitality and viability of shopping centres, which is the cornerstone of Government policy.

It is conventional in retail planning to divide the retail market into two sectors - convenience and comparison. Convenience shopping takes place in supermarkets, superstores, specialist food shops, newsagents and local convenience shops. The distinction between supermarkets and superstores is essentially one of size. A superstore is usually defined as having more than 2,500 sq.m. of trading floorspace. It used to be common to make a distinction between superstores and hypermarkets. A superstore was defined as having between 50,000 and 100,000 sq.ft. of gross floorspace and a hypermarket had over 100,000 sq.ft. gross. However, market trends have reduced the popularity of very large stores, which were intended to sell a high proportion of non-food goods, and the term hypermarket has almost become obsolete.

Comparison shopping takes place in town centre stores and shop units, and in a variety of modern, purpose-built outlets - retail warehouses, retail parks, warehouse clubs and factory outlet centres. These are all defined in Appendix 2. The bulky goods sector generally operates from retail warehouses and retail parks, but town centres also have bulky goods outlets selling furniture, electrical goods, etc. The definition of retail warehouses refers to their use for the sale of household goods

(such as carpets, furniture and electrical goods) and bulky DIY items. Retail parks are agglomerations of at least three retail warehouses.

Retail trade can be measured using definitions of expenditure by goods or business type. The distinction may seem academic but it has practical significance for the methodology of RIA, particularly for convenience shopping. Expenditure by convenience goods type has a relatively low growth rate and applies only to those items sold in superstores and supermarkets which are truly convenience goods. Expenditure by convenience business type, however, has a higher growth rate and applies to all items sold in superstores and supermarkets, including comparison goods. Decisions about which definition to use depend very much on the type of shopping provision in the local situation. The merits of the two alternatives are discussed in Chapter 4, and advice on best practice is given in Chapter 11. The definitions of the convenience and comparison expenditure sectors by goods and business type are shown below, based on the classification used by the Data Consultancy (Unit for Retail Planning Information).

	Goods-based Expenditure	Business-based Expenditure
CONVENIENCE	Food (household expenditure)	Food retailers
	Alcoholic Drink (proportion spent in retail outlets)	Drink, Confectionery and Tobacco retailers
	Tobacco (proportion spent in retail outlets)	
	Other Convenience Goods (newspapers, magazines, cleaning materials, etc)	
COMPARISON	Clothing and Footwear	Clothing and Footwear retailers
	Do-it-Yourself Goods	
	Household Goods (furniture, carpets, textiles, hardware)	Household Goods retailers
	Recreational Goods (radio, TV, sports goods, toys, books, etc)	Other Non-Food Retailers
	Other Comparison Goods (pharmacy items, perfumes, toiletries, jewellery, etc)	Hire and Repair Businesses
		Mixed Retail Businesses (eg. variety stores) and mail order

The definition of centres is also important in policy terms. PPG6 identifies various types of centre:

- local centres
- district shopping centres
- town centres, and
- regional shopping centres

Of these, 'town centres' are the most significant in relation to planning policy since the primary objective of Government policy on retailing is to sustain and enhance the vitality and viability of town centres. The term 'town centre' is used generally to cover city, town and suburban district centres which provide a broad range of facilities and services and act as a community focus. It excludes small parades of shops of purely local significance.

PPG6 defines types of location which are also important in policy terms:

- edge-of-centre
- out-of-centre
- out-of-town

'Edge-of-centre' for shopping purposes is taken to be a location within easy walking distance (200-300 metres) of the primary shopping area. Several other terms are used extensively throughout this thesis and they are briefly introduced here to assist in understanding the subject matter of the following chapters:

Vitality and viability

Vitality and viability are normally combined as a single concept which represents the 'health' of a town centre. It is related to the amount of retail activity which takes place (the number of shoppers that are attracted to a centre) and the amount of trade in a centre (its commercial performance). The measurement of vitality and viability is complex and is a matter which is covered in detail in Chapter 5. Figure 1 of PPG6 lists key indicators for measuring vitality and viability, and this thesis makes recommendations on best practice in carrying out town centre appraisals of

vitality and viability. The impact of proposed retail developments on the vitality and viability of existing centres is one of the 'key tests' set out in PPG6.

Major or large-scale retail development

There is no clear definition of 'major' or 'large-scale' retail development, but PPG6 states that retail developments of over 2,500 sq.m. gross floorspace should be supported by evidence of impact. The issue of what is major or large-scale retail development is addressed in Chapter 6, using evidence from the survey of local authorities. Major development is generally regarded by local authorities as being over 1,000 sq.m. whereas large-scale development tends to be defined as over 2,000 or 2,500 sq.m. gross. What is major or large-scale will also vary according to its location - urban or rural. A proposal for new retail development should be assessed in relation to the size and function of nearby centres.

Cumulative impact

PPG6 refers to the need to consider the likely cumulative effects of recently completed developments and outstanding planning permissions. The Secretary of State for the Environment has directed local planning authorities to notify him of proposals for major retail development before granting planning permission if there are issues of cumulative impact. He also has the power to call-in planning applications for his own decision. Therefore, in assessing the impact of a proposed development it may be necessary also to assess the cumulative effects of other recent developments or proposals in the same locality.

Linked trips

The concept of 'linked trips' also features in PPG6. The reasoning is that development in town centres can enable one car journey to serve several purposes, thereby reducing the need to travel and reliance upon the car. This is consistent with the aims of sustainable development outlined below. In the case of superstores and supermarkets, town centre and edge-of-centre stores can facilitate a higher proportion of linked trips. Hence, PPG6 favours edge-of-centre sites over those which are out-of-centre. In practice, however, it appears that most shoppers do not make linked trips to purchase other goods at the same time as they are do their main

food shopping. The issue of linked trips is examined in detail in Case Study 2 in Chapter 10.

Sustainable development

Planning Policy Guidance Note 1 (PPG1) on General Policy and Principles states:

“Sustainable development seeks to deliver the objective of achieving, now and in the future, economic development to secure higher living standards while protecting and enhancing the environment. The most commonly used definition is ‘development that meets the needs of the present without compromising the ability of future generations to meet their own needs’” (DoE, February 1997, paragraph 4).

The objectives of PPG6 seek to promote sustainable development and are consistent with the Government’s Sustainable Development Strategy. Development in town centres is regarded as helping to promote sustainable development. The key tests in PPG6 for assessing the impact of out-of-centre developments include two ‘sustainability tests’:

- accessibility by a choice of means of transport, and
- the likely effect on overall travel patterns and car use.

In the context of large retail developments sustainable development raises several issues concerning transport:

- the use of cars for shopping trips
- the location of retail development in terms of its accessibility by public transport as well as by car, and
- the effects of new developments on trip mileage.

These issues are discussed in Chapter 7.

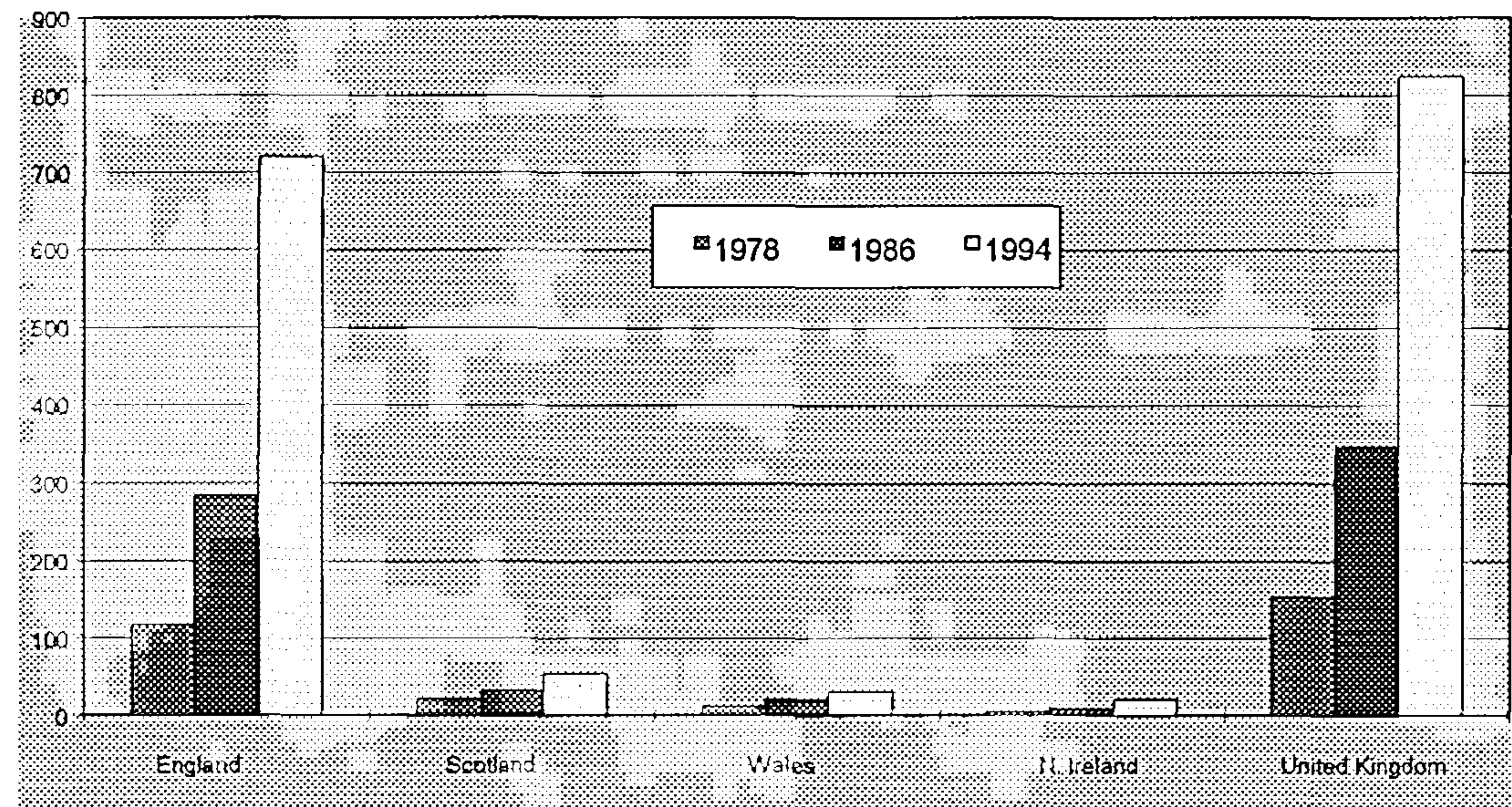
The methodology of RIA also uses specific terms e.g. trade draw, clawback, trade diversion, and residual turnover. These terms are explained and discussed in Chapter 4, and in relation to best practice in Chapter 11.

Growth in the Retail Sector

An introduction to this detailed examination of retailing and the influence of Government policy on retail planning needs to mention the place of the retail

industry in the national economy. Retailing is one of the most important industries in Britain. It comprises more than 300,000 outlets and has more than 2.3 million employees, over 10 per cent of the national workforce. Total retail turnover in Great Britain is almost £150 billion a year. Total retail trade is increasing but the number of shops is declining as a greater share of trade is taken by larger stores. A full review of retail trends is presented in Chapter 2, but at this point it is relevant to highlight the major trend that has been evident in the United Kingdom in the last 20 years, which is the growth of superstores and other out-of-centre retail developments. The trends are shown in Figures 1 and 2.

Figure 1: Number of Superstores and Hypermarkets in the UK

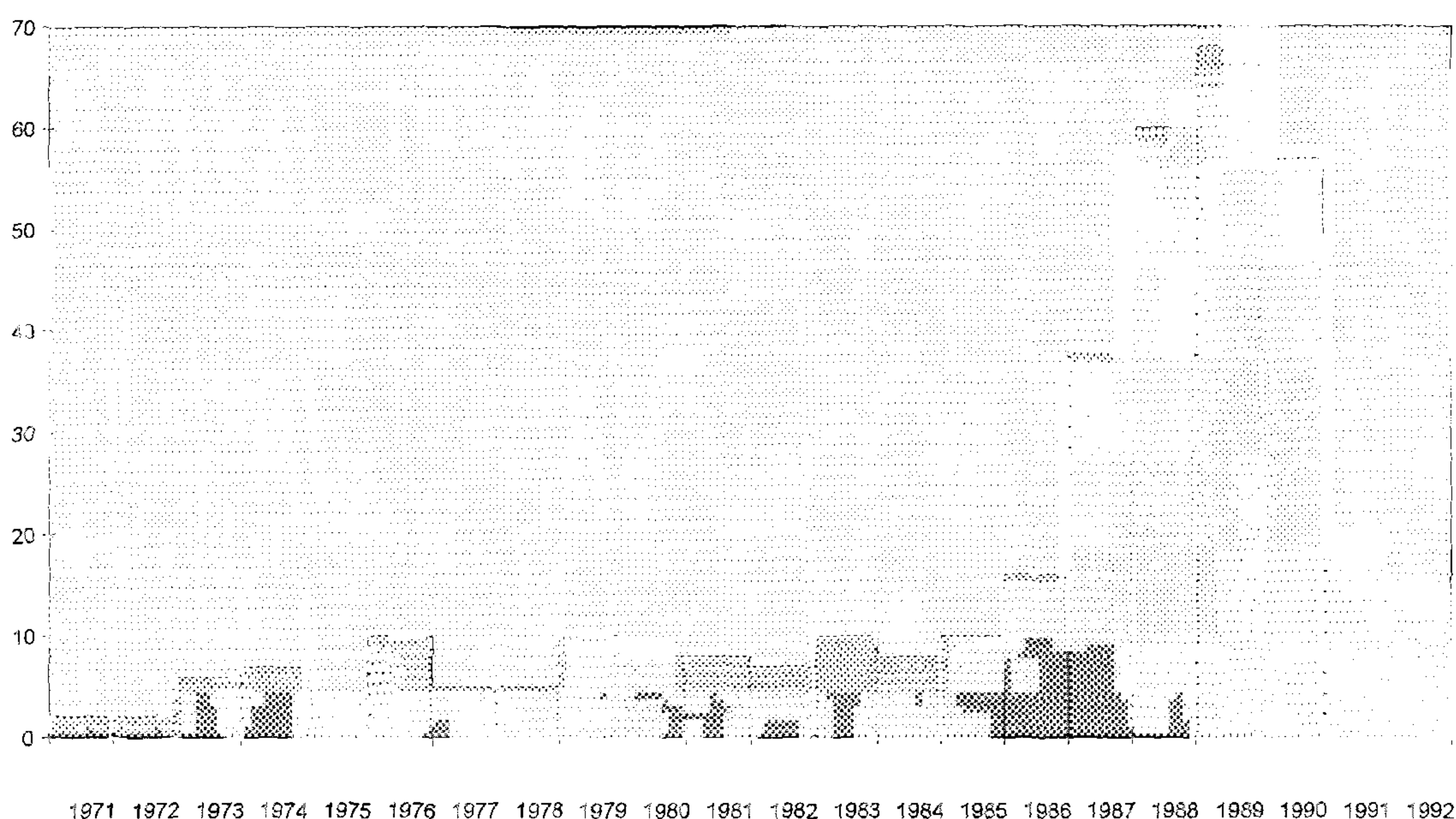


Source: Unit for Retail Planning Information

Figure 1 illustrates the massive scale of the growth of superstores in the UK, particularly since the mid-1980s. This growth has been concentrated in England but there has also been steady growth in Scotland, Wales and Northern Ireland. There are now over 800 superstores in the UK, of which 250 are in South East England. The rate of openings of superstores peaked at more than 100 a year in the late 1980s but has since fallen to about 60 a year.

The same trend and the peak in the late 1980s can be seen in Figure 2 in the total number of out-of-town developments of over 5,000 sq.m. completed in the UK in the period 1971-92.

Figure 2: Openings of Out-of Town Shopping Developments in the UK



Source: Hillier Parker

1.6 Research Methods

Literature Review

As outlined in Section 1.4 a thorough review has been undertaken in this thesis of the available literature on retail planning and impact assessment. This is essentially a qualitative process of selecting material which is particularly relevant to the issues of planning theory and policy affecting retailing, and examples of the practical application of RIA. The literature review has been particularly helpful in understanding the historical development of approaches to retail planning and the policy context. Setting up a database of references, indexed by keywords, has enabled source material to be sorted and analysed chronologically and by topic, helping to clarify the development of ideas and the structure of the thesis.

It is meaningless to review the literature in this field without first developing the concept of RIA, which is the aim of the early chapters. The structure of the thesis makes it logical to review the literature in relation to the relevant chapters on Background, Historical Development, the Methodology of RIA and Policy Context,

rather than attempting to explore such an extensive range of publications in one chapter. References to published sources are also made in the chapters on Current Issues in Retail Planning and Experience in Europe and North America. This approach enables the literature to be discussed in its context within the thesis.

Review of RIAs prepared by Consultants

It became clear in the early stages of the research that it would be necessary to pay close attention to the way that RIA is carried out in practice, mostly by specialist consultants on behalf of developers, retailers and local authorities. Approaches were made to selected consultants who are closely involved in this field and copies of typical retail impact studies were obtained. The consultants who provided examples of retail impact studies are listed in Appendix 3. These studies revealed the wide range of approaches used in RIA and the lack of a consistent framework for analysis. A systematic approach was adopted to the qualitative review of these impact studies, in order to make informed judgements about the strengths and weaknesses of particular aspects of the methodology and its application. These judgements, together with my own professional experience in the field, have helped in developing recommendations about best practice in RIA which are presented in Chapter 11.

Survey of Local Authorities

The survey of local authorities which has been carried out is extremely important to reviewing the need for improvement in the application of RIA. Chapter 6 outlines the methodology used and analyses the results of the survey in terms of shopping policies in development plans, views of local authorities on RIA, evidence of retail impact, and initiatives in town centre regeneration. The survey questionnaire is included in Appendix 4, and Appendix 5 describes the sampling method used.

The survey produced a high response rate and the results are representative of local authorities in Great Britain. Some local authorities did not provide all of the

information asked for because the instructions said that particular questions were intended for District Councils only. Unfortunately some London Boroughs and other Metropolitan Councils did not recognise that the term 'Districts' was meant to include unitary authorities. With hindsight, the wording of the questionnaire could have been clearer. However, this did not affect the overall validity of the results.

What is particularly important about the local authority survey is that it provides original and valuable empirical data about the attitudes of local authority planners to retail impact studies and it helps to show how RIA can be improved in practice.

Analysis of Planning Appeal Decisions

An analysis has been carried out of all planning appeal decisions on major retail developments in Great Britain from 1983 to 1996, based on the Compass database. This is an original piece of analysis, focusing on the factors used by Planning Inspectors to decide appeals. The database has also been analysed by year and by country. The analysis is supported by a selective review of Inspectors' decision letters on appeals (and call-ins) on proposals for major retail development. It is particularly interesting, in the context of the main research question in this thesis, to show how the policy context for retail planning has influenced the pattern of decisions on appeals, and the relevance of retail impact issues in these decisions. The results are analysed in Chapter 8.

International Comparisons

It would be possible to examine the application of RIA in Britain in isolation and recommend how it could be improved. But Britain is not unique in dealing with pressures for new forms of retail development, and in facing the effects of new developments on existing centres. Because of the extent to which new out-of-centre developments have taken place in North America and Europe, an analysis has been carried out of experience in the USA, Canada and Western Europe in responding to retail impact issues. The findings are in Chapter 9. These international comparisons

include comments on how the planning system has responded to pressures for development, the approaches used to RIA, and available evidence of retail impact. The lessons that can be learned feed into the conclusions of this thesis.

Case Studies

Three case studies have been selected in this thesis to explore particular issues arising out of the policy guidance in PPG6. The case studies are presented in Chapter 10. Yin (1994) highlights some general characteristics of case studies. They should be:

- significant, i.e. the underlying issues should be of national importance, either in theoretical terms or in policy or practical terms
- complete, i.e. comprehensive in assessing all the available evidence.

They must also:

- consider alternative perspectives e.g. views of different parties in the decision-making process, and
- display sufficient evidence, i.e. present the most compelling evidence, including both supporting and challenging data.

Case studies can have single or multiple case designs. Multiple case studies have advantages in following a 'replication' logic. Each must be carefully selected to either predict similar results, or produce contrasting results but for predictable reasons. The research in this thesis is based on multiple cases.

A typical case study could be an event, a decision or a policy, for instance. It is then necessary to define the research question. Yin (op cit) states that defining the research question is probably the most important step in a case study. Another essential feature of case studies is the prior development of theoretical propositions to guide data collection and analysis. Each proposition seeks to link the findings to the theory. Case studies should use multiple sources of evidence, with converging lines of inquiry or triangulation. There is a need to maintain a chain of evidence. The sources of evidence used in this research include retail impact studies, local

authority Committee reports, planning appeal decisions, empirical survey data, and interviews with local authority planners.

Data need to be linked to the propositions by means of one of several modes of analysis. These modes of analysis are especially intended to deal with the problems of developing internal and external validity. Internal validity is concerned with establishing a causal relationship whereby certain conditions are shown to lead to other conditions. External validity is concerned with establishing whether a study's findings can be generalised beyond the immediate case study.

The mode of analysis used in the case studies in this thesis is essentially one of pattern matching. The specific type of pattern matching involves the logic of rival explanations (Yin, op cit) and is applied to independent variables in which several cases may be known to have had a certain type of outcome and the investigation focuses on how and why this outcome has occurred in each case. This analysis requires the development of rival theoretical propositions. If one explanation is to be valid, the other cannot be. Applied to multiple cases the approach can produce theoretical replication and lead to more robust conclusions.

2. BACKGROUND

Chapter 1 has introduced the main issues to be analysed in this thesis, and has set out the approach to be used to critically examine the methodology of retail impact assessment (RIA) and its application in urban planning. Chapter 2 extends the consideration of background factors and gives the context for the analysis of retail impact issues. It first discusses the nature of retail impact and the different types of impact, explaining why the focus of this thesis is on economic impact. Reference is then made to the influence of the property market on retail development. The chapter then considers why retail impact is important in urban planning and the use of RIA for decision-making. The examination of background factors is completed by a review of the evolution of retailing and current trends in retailing which are relevant to retail impact.

2.1 What is Retail Impact?

The relevance of retail impact to urban planning lies in the need to assess the effects of new or proposed retail developments on existing shopping centres. The definition of retail impact and the way it is measured have been refined over recent decades and even by the mid 1990s there is not a clearly accepted view of what retail impact means and how it should be interpreted.

In their literature review for the Department of the Environment on the effects of major out-of-town retail development, BDP Planning and the Oxford Institute for Retail Management (OXIRM) consider these conceptual and definitional issues.

Their report states:

"Impact is of legitimate concern, it can be argued, for five principal reasons.

- Understanding the effects of change: any change in an economy or a physical environment is of legitimate concern to constituent institutions, organisations or individuals*
- Control of public costs: unregulated private actions may give rise to undesirable public or environmental costs (such as an effect upon transport infrastructure)*
- The efficiency argument: the planning system is concerned with the efficient use and allocation of resources, particularly land*
- The equity argument: the degree of accessibility of different types of retail outlet*

- and of shopping centres directly affects the standard of living of all consumers*
- *The quality of life argument: the degree of accessibility of different types of retail outlet and of shopping centres indirectly affects the quality of life of individuals and groups in society (through changes in the quality of town centres and other places where people shop). " (BDP/OXIRM, 1992, p33)*

It is significant to note how these factors relate to the emphasis of current Government policy on the vitality and viability of town centres and on sustainability. The factors listed are concerned essentially with safeguarding the well-being of town centres and existing private and public investment. Only the equity and quality of life arguments, regarding accessibility, can be said to have an environmental objective. Even in just the last five years, the focus of impact in terms of Government policy, has shifted much more towards impact in environmental terms. Hence the importance of examining impact in its policy context.

Noel states that it is possible to identify three different types of impact studies, on the basis of their application:

- 'post hoc' studies of the trading patterns of new shopping developments
- shopping models, for analysis and projection
- predictive impact assessments of proposed retail developments

Predictive assessments are regarded as the most controversial because they require estimations of turnover and trading impact. (Noel, 1989, p11)

This thesis refers to all these types of impact assessments. Post-hoc studies were carried out on early hypermarket and superstore developments in Britain, and more recently on major out-of-town regional centres. Reference is made to these studies in Chapter 3. Shopping models are also referred to in Chapter 3, particularly during the main model-building period of the 1960s and early 1970s. The use of models has declined more recently for reasons which are explained in Chapter 4.

The major concern is with predictive impact assessments. Because of the main hypothesis of this research that impact assessment should be set within a policy framework, it is particularly important to address issues of how the impact of

proposed retail developments should be assessed.

In their discussion of the impact of out-of-centre retailing, Thomas and Bromley summarise the negative and positive impacts. Negative impacts are identified as:

- the decline in the competitive position of many existing centres and associated problems of environmental deterioration
- inability of the less mobile sections of the community to make full use of the new out-of-centre shopping facilities
- problems of traffic congestion.

On the positive side, three principal advantages of the new retail facilities are also identified:

- they offer a wider range of shopping opportunities, appealing especially to the car-borne population
- the competitive threat of the new facilities has led to refurbishment and revitalisation of some traditional centres
- they have deflected some traffic from town centres and contained or even reduced congestion (Thomas and Bromley, 1993, p151).

2.2 Types of Impact

Planning Policy Guidance Note 6 (PPG6), the Government's latest policy document on town centres and retail developments, states that all applications for major retail developments should be supported by evidence of their likely economic and other impacts on shopping centres (Department of the Environment, 1996, paragraph 4.13). This section reviews the types of impact that might be relevant in assessing the effects of proposed developments.

The literature on new retail development and its impact on shopping patterns points to three types of impact - economic, social and environmental.

Economic impact is concerned fundamentally with the consideration of changes in retail turnover or trading patterns in shopping centres as a result of new shopping developments. Economic factors influence the growth of retail expenditure and indicators such as turnover per sq. metre of retail floorspace. Employment effects

of new development can also be relevant.

Social impact is concerned with demographic and behavioural change. It requires a sociological perspective of the social role of town centres and the implications of new forms of retail development on shopper profiles. It also takes account of issues of disadvantaged shoppers.

Environmental impact is concerned with the effects upon the environment as a result of new retail development, particularly in terms of traffic implications. It also raises issues of the sustainability of new shopping developments.

In their study on 'The Future of the High Street' the Distributive Trades EDC stated:

"Finding a balance between the social and environmental as against economic considerations on the location of retail investment should continue to be the objective of central and local government planning policy" (NEDO, 1988, p4).

The latest version of PPG6 continues to place emphasis on economic factors but increases the priority to be given to transport and other environmental factors.

Economic Impact

Detailed attention is given in this thesis to the economic impact of new or proposed retail developments on existing shopping centres. New forms of retail development and the pressures they impose on the planning system are led by demand from retailers (or developers acting to promote the interests of the retail industry). Retailers constantly attempt to increase their market share by seeking new locations or increasing the competitive position of existing stores.

Retailing is an economic activity and its success or failure must be measured in economic terms such as investment confidence. The Distributive Trades EDC study acknowledged that the amounts, direction and reasons for investment in shops are key factors affecting the viability of High Streets, and the structure and success of High Street shopping areas depend largely on both recent investment and future expectations.

"Investment in shops in shopping areas is of benefit to the consumer, retail

businesses and their employees, by creating the type of capacity which is in keeping with modern demand. It replaces older, less efficient methods or practices, and enhances shopping area attraction, often making centres where investment has not taken place appear dated and drab" (NEDO, 1988, p33).

It will be shown later that much of the planning merits of new retail developments are assessed in relation to their effects on the vitality and viability of existing centres. Economic factors, therefore, have become critical in assessing proposals for new development. Economic analysis is the most frequent form of research undertaken by local authorities to underpin retail policy, usually in response to a specific site proposal. Examples of comprehensive research into social and environmental impacts are limited (BDP/OXIRM, op cit).

Another key element of economic impact is employment. The trend towards out-of-town retailing has raised concerns about the adverse employment effects of new retail developments. Local planning authorities have often questioned the net employment generation of new developments, particularly superstores, though there appears to be little evidence of substantial negative impact arising from the development of superstores. New retail developments result in job creation through direct employment in retail facilities and indirect employment in providing goods and services to the new store. Jobs are also created during construction. But what is the extent of job losses elsewhere if a new development diverts trade and results in closures of other shops? Concern has also been expressed by local planning authorities about the types of jobs created in new retail facilities, many of which are part-time or casual in nature.

Social Impact

"Social impacts are reflected in changes to the diversity and variety of shopping opportunities in town centres, demonstrated through the threat to the small shop, changes in the importance of non-retail functions in town centres, and increases in social malaise such as crime and vandalism" (BDP/OXIRM, 1992, p61).

Concern with social impact arises from the view that new development benefits the more mobile, more affluent shopper. Other groups may be disadvantaged. A study by the Royal Town Planning Institute's Retail Planning Working Party examined

this issue. Their report states that:

"Competition in the market place will normally result in retailers providing for various groups of consumers the goods and services they require, and in locations which are accessible to them. Nevertheless some consumers, because of limited resources or health and associated lack of mobility, are unable to exercise choice and are thus disadvantaged" (RTPI, 1988, p35).

The same study identified a number of different (but often overlapping) groups whose members are more likely to be disadvantaged as shoppers than the general population. These are:

- low income earners
- residents of locations poorly served by public transport, particularly on peripheral estates or in rural areas
- those without access to a car for routine shopping trips
- those with caring responsibilities (more frequently women) eg for young children or elderly relatives
- the disabled and others with mobility problems
- the young
- ethnic minorities (RTPI, op cit, p32)

Whilst some groups are disadvantaged, it should also be noted more positively that shopping is a social activity, particularly so for certain groups of people such as the elderly and mothers with young children. It can also be a leisure activity as people have increased leisure time. The social and economic elements of retailing are inter-related, as highlighted by the Chairman of the Distributive Trades EDC in her Foreword to the report on The Future of the High Street:

"A decrease in the economic importance of a High Street has considerable social implications. Visiting a gradually deteriorating and derelict High Street is not an attractive proposition for most customers, particularly if many of the goods they want to buy are not available. High Streets of this type may have lost their function as meeting places because few people have an incentive to visit them; even fewer linger for social purposes" (NEDO, op cit, piii).

The revised PPG6 (June 1996) says very little about the social impact of new shopping developments except in seeking to ensure that development is located where all consumers are able to benefit, not just car-borne shoppers. It emphasises accessibility by a choice of means of transport, and promotes good town centre

management which includes improvements to meet the needs of disabled and elderly people and those with young children.

Environmental Impact

The BDP/OXIRM study on The Effects of Major Out-of-Town Retail Development identifies two types of environmental impact:

- transport impacts - in terms of traffic volumes, car parking, provision of pedestrian areas, and public transport systems
- impacts on the built environment - such as change in the land use distribution of centres, condition of buildings, redevelopment strategies, enhancement strategies, and level of care and maintenance (BDP/OXIRM, op cit, p79).

Major out-of-town retail developments, particularly superstores, are seen by their critics as having several (mainly environmental) disadvantages:

- extra travel time and cost entailed for customers to reach them
- their inaccessibility for some people, especially the poorest, who are forced to depend on corner shops with their limited choice and higher prices
- severe environmental impacts of the stores themselves and their large car parks
- environmental costs associated with energy consumption, air pollution, noise and congestion arising from the generated car mileage (Plowden and Hillman, 1995).

Out-of-town developments are attractive to many retailers and shoppers because of the availability of free car parking and good road access. At the same time impacts relating to traffic generation, congestion and pollution in town centres are becoming much more significant. In response, initiatives are being developed which seek to limit the use of the car, eg park and ride schemes, traffic calming and pedestrianisation. Other forms of environmental improvement are also being used, such as the use of traditional materials and designs for paving and street furniture. Another response of local authorities to the environmental effects of changes in

retailing is town centre management, which is an attempt to replicate some of the advantages of planned shopping centres in the whole of a town centre eg cleaning and maintenance, and promotion and marketing to create an image and climate of success (Guy, 1994b). The increasing importance of town centre management is referred to in Chapter 7. The RTPI's study also concluded that environmental improvements will be necessary in town centres if they are to secure continuing commercial investment in their retail facilities (RTPI, op cit).

Growing concern with the environmental impact of retail developments is reflected in Government policy towards retailing. PPG6 (Annex C) states that:

- effective management and promotion of town centres will help to enhance their vitality and viability, and
- good town centre management initiatives can generate civic pride among local residents and give confidence to investors and retailers.

PPG6 also states that excessive traffic and parking problems can seriously affect the attractiveness of town centres, and the Government therefore looks to local authorities to promote effective management of traffic demand. PPG13 on Transport is set explicitly in the context of the Government's sustainable development strategy to reduce the need to travel, influence the rate of traffic growth, and reduce the environmental impacts of transport overall. It seeks to promote the vitality and viability of existing centres which are more likely to offer a choice of access, particularly for those without the use of a private car (Department of the Environment, 1994).

Retail development can also be subject to environmental impact assessment. Under the Environmental Assessment (EA) regulations, Schedule 2, an EA would normally be required for urban development projects where:

- (i) the site area of the scheme is more than 5 hectares in an urbanised area
- (ii) there are significant numbers of dwellings in close proximity to the site
- (iii) the development would provide a total of more than 10,000 sq. metres (gross) of shops, offices or other commercial uses.

Smaller urban development schemes may require an EA in particularly sensitive areas eg central area redevelopment schemes in historic town centres. The need for an EA in respect of proposals for major out-of-town shopping schemes should also be considered in the light of the sensitivity of the particular location. For such schemes a gross floor area threshold of about 20,000 sq. metres (gross) provides an indication of significance and the need for an EA (Department of the Environment, 1989). These EA criteria are repeated in PPG6 (paragraph 4.19) which also notes that for new retail proposals in urban areas on land that has not been previously intensively developed, a development of more than 10,000 sq. metres (gross) may require an EA.

2.3 Why focus on economic impact?

All aspects of impact can be important in assessing the overall effects of a development. In this thesis, however, attention is focused on economic impact. The argument is that retail impact is fundamentally an economic concept, concerned with the diversion of trade from an existing shopping centre to a new development. Impact is generally measured in terms of percentage trade diversion from existing centres and residual turnover in these centres. However, careful interpretation of these indicators is essential.

The Distributive Trades EDC (1988) report emphasised the 'health of the High Street' and referred to the 'robustness' of High Street shopping provision. There has been a growing concern in recent years with the vitality and viability of shopping centres, and this is dealt with in detail in Chapter 5, and in Chapter 11 on best practice.

An economic focus is important both because of the economic benefits arising from new development and because of the possible adverse consequences of new development on other centres. Economic impact assessment is concerned particularly with the strengths and weaknesses of shopping centres and the effects of changes in shopping patterns on the trading position of existing centres. Although a relevant economic consideration, it would extend the scope of this thesis too far to

include employment issues within the definition of economic impact. The analysis of employment changes in retailing is a specialist topic in itself and it involves a different methodology to the assessment of retail impact.

One of the most important but difficult elements of the application of RIA is the link between impact and loss of vitality and viability of a town centre. This link was explored by the Distributive Trades EDC's 1988 study in six steps, as follows:

(1) The proposed development will have an impact on some existing businesses.

Investment in retailing which creates new and attractive shopping facilities will almost certainly affect some other traders within the same locality.

(2) Impact damages businesses.

The extent to which impact may cause harm will depend on the amount of turnover lost and the profitability of the shops affected, among other considerations. A 10 per cent reduction in turnover, often cited in the past as constituting harmful impact, might force at least some shops on the margin of viability to close.

(3) Damage will cause lasting harm.

The increased efficiency of new businesses may mean that new investment replaces older shops, and there may be lasting harm on existing businesses.

(4) Harm will be on a sufficient scale to cause extensive closure of shops.

The relative attraction of a new centre may in some circumstances lead to shop closures in smaller, nearby centres.

(5) Closure of shops will not lead to redevelopment.

Closures resulting from impact are likely to be greater in less prosperous areas which may have less potential for redevelopment.

(6) The absence of major redevelopment will lead to a loss of vitality and viability of a town centre as a whole.

Demonstrating that impact goes beyond matters of competition between retailers requires an analysis of how the retail role of a town centre could be seriously affected. (NEDO, op cit, pp75-79).

The loss of even a modest amount of trade in a small centre can lead to a 'cycle of decline'. The process of such a cycle operates through an initial reduction in pedestrian flows, leading to a lower turnover level for traders. This prevents traders from upgrading their properties, creating a run down appearance which then acts as a further disincentive for shoppers to visit the centre. Over time, this depresses turnover further and can lead to vacancies.

Issues of retail impact are inextricably bound up with the operation of the property market and it is necessary to consider property market implications in assessing the economic impact of new retail developments. The following section briefly outlines

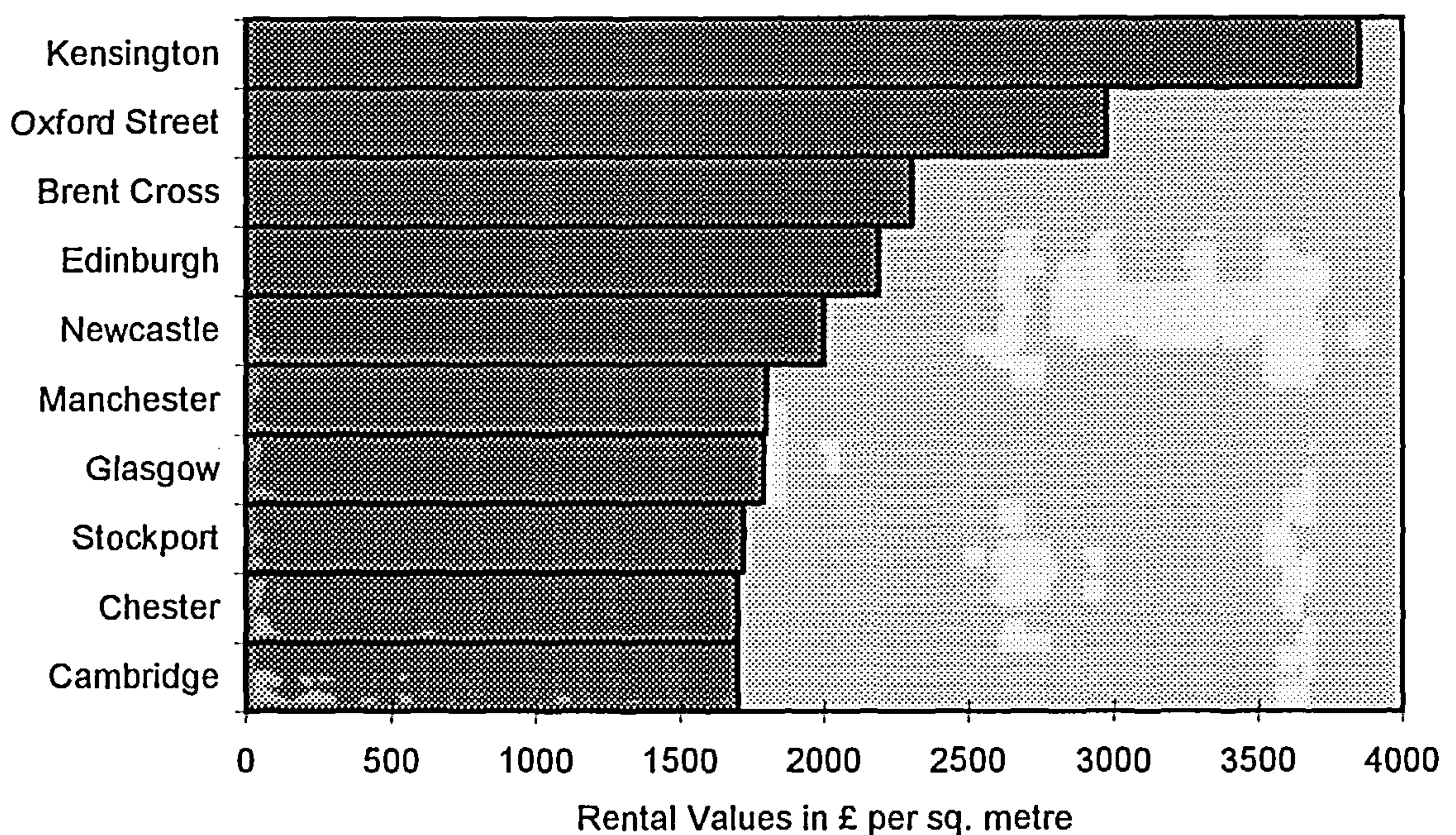
the relevance of property factors in relation to retail impact.

2.4 The Retail Property Market

The retail property market in Britain is divided into an occupier's market and an investment market. In the occupier's market the level of rents is determined by demand and supply; in the investment market the value of buildings is determined by the demand for and supply of buildings as investments. Modern city centre retail developments and out-of-town developments are commonly undertaken by a property developer and then rented to occupiers (Williams and Wood, 1994).

The most important criterion influencing the purchase of any property for investment purposes is location. It is the most crucial factor determining present and future rental and capital values (Guy, 1994b). There are considerable variations in rent levels between different parts of the country, such differences reflecting demand and supply levels in each location. Rents are determined in accordance with current local market conditions (Williams and Wood, *op cit*). Figure 3 overleaf shows rental levels for the most valuable shopping locations in Great Britain, based on data from the Valuation Office's Property Market Report (Spring 1996).

Figure 3: Prime Shopping Locations in Great Britain



The last thirty years have seen distinct cycles of retail development and investment in Britain. Rates of development respond generally to fluctuations in consumer expenditure. This has led to time lags between a growth in demand and the supply of rental space in the form of new shopping centre development. The two boom periods of the early 1970s and late 1980s were followed by property slumps (Guy, 1994b). The 1980s saw a dramatic shift from slump to boom, stimulated through government policy in promoting private sector property development, followed in the early 1990s by an equally dramatic slump. There were major opportunities in the retail property field during the 1980s, partly because of the buoyancy of the retail sector, linked to the provision of new forms of retailing, notably retail warehouses and superstores (Healey and Davoudi, 1993). It was a period of restructuring of the land and property development industry, and of new Government policy initiatives, particularly in relation to urban regeneration, which led to the creation of major new regional shopping centres in the Enterprise Zones in Gateshead (Metro Centre) and Dudley (Merry Hill), and in the Urban Development Corporation area of Sheffield (Meadowhall) (Healey and Nabarro, 1990).

The Index of Retail Trading Locations produced by DTZ Debenham Thorpe identifies those centres or streets which multiple retailers consider to be the most successful in terms of turnover and profit. The 1994 survey shows that the most successful locations are as follows:

Overall Trading Performance		
	High Turnover	High Profit
Metro Centre, Gateshead	*	*
Meadowhall, Sheffield	*	*
Merry Hill, Dudley	*	*
Oxford Street, London	*	
Brent Cross, London	*	
Princes Street, Edinburgh	*	
Northumberland Street, Newcastle	*	
Argyll Street, Glasgow	*	
Mid Summer Arcade, Milton Keynes	*	
Lakeside, Thurrock	*	*
Eastgate Street, Chester	*	*
Eldon Square, Newcastle	*	
Queen Street, Cardiff		*
St Enoch Centre, Glasgow		*
King Street, Manchester		*

The survey highlights the continuing success of the main regional out-of-town shopping centres. These schemes have proved very successful in generating both turnover and profit in a relatively short period of time (DTZ Debenham Thorpe, 1995).

This chapter next examines why retail impact, measured in economic terms, is important in urban planning and then reviews the use of RIA for decision-making.

2.5 Why is Retail Impact Assessment important in urban planning?

The importance of RIA in the British planning system lies in its application in the context of planning policy and decision-making. Impact issues are a key factor in decisions on proposed retail developments, and can often be the over-riding factor. This has particularly been so under the policy regime established by the July 1993 version of PPG6 which stressed the need for a balance in providing for retail development between town centres and out-of-centre retail facilities. Retail impact

factors remain important in the latest Government guidance (June 1996).

PPG6 recognises that it is not the role of the planning system to restrict competition, preserve existing commercial interests or to prevent innovation (paragraph 1.1). Questions of impact do arise, however, when proposals for major retail development would have an effect on the vitality and viability of a town centre. Current Government policy seeks to promote town centres and restrict out-of-centre development. This policy advice is implemented by local authorities through the development plan system and development control. Structure plan and local plan shopping policy must take the impact of new developments into account, usually through criteria-based policies on major out-of-centre developments. PPG6, Annex B, lays down guidance on the preparation of development plans, stating that local authorities should make clear how they will assess the impact of proposals on the vitality and viability of existing town centres (DoE, op cit, Annex B, paragraph 4).

This thesis does not examine in detail the transport and travel issues involved in impact assessment because of the focus on economic factors, but it will be shown later that transport issues are becoming increasingly relevant considerations in assessing the impact of proposed retail developments. Local planning authorities are usually faced with retail impact issues in having to make decisions on planning applications. It is at this stage of the process that most impact assessments are carried out, usually by consultants acting for retailers or developers, but increasingly for local authorities confronted by proposals for development. Many local plans now have policies requiring applicants to submit retail impact assessments with their proposals, as shown in Chapter 6. But local authorities may not have the expertise to fully understand these impact statements, and consultants are often asked by local authorities to provide independent audits of applicants' impact assessments.

Much of the debate on retail impact issues has taken place at public inquiries when appeals have been lodged against refusal of planning permission or when major applications have been called-in for decision by the Secretary of State. A detailed

evaluation is presented in Chapter 4 of the methodology used to assess retail impact. There have been criticisms of the approaches used in terms of data and assumptions, and the interpretation of findings, which are noted in the next section.

2.6 Use of Retail Impact Assessment in Decision-Making

Predictive impact assessments are especially important in deciding on planning applications. The methodology used has to be sufficiently sound to support a decision by the local planning authority. For an application to be approved there must be confidence that no significant impacts are likely on other shopping centres. But, more importantly, if retail impact is to be used as a reason for refusal of an application, the basis for refusal must be able to withstand an appeal and inquiry. The methodology and its application, therefore, have come under scrutiny at planning inquiries over the past two decades.

It was a common experience in the early hypermarket and superstore inquiries of the 1970s to find that the significance attached by the Inspector to issues of impact did not match that assumed by the parties involved.

"Whether this is because the impact arguments put before the Inspector are too complex, or too difficult to resolve, or in fact considered relatively unimportant, is difficult to determine" (Breheny et alia, 1981, p472).

Holt points out that a hypothetical trade diversion figure is an inherent problem for the decision-making process. In most cases no clear picture emerges as to whether a proposed development would have a damaging effect on a particular town centre in PPG6 terms such as to warrant refusal.

"Retail impact assessment has not yet reached a level of sophistication to reduce the likelihood of widely divergent trade diversion estimates being produced by the parties at a public inquiry, leaving many an Inspector to thread his way through the disparate evidence to arrive at a reasonable assessment of the impact position" (Holt, 1996, p131-040).

The scepticism with which Inspectors regard retail impact assessments at inquiries is reflected in the July 1993 version of PPG6. It states:

"All applications for major retail developments should be supported by evidence of their likely economic and other impacts on other retail locations and a broad assessment of the likely changes in travel patterns over the catchment areas. However, in assessing these factors, it should rarely be necessary to attempt

detailed calculations or forecasts of retail growth or of changes in the geographical distribution of retailing. Even small variations in assumptions about trends in turnover, population, expenditure and the efficiency of use of existing retail floorspace can lead to a wide range of forecasts; and the preparation and consideration of assessments can add significantly to the cost and duration of the planning process without necessarily improving the eventual planning decision. Where the parties to a planning application or appeal are to prepare assessments, they should adopt a broad approach and seek to agree data, where possible, and present information on areas of dispute in a succinct and comparable form” (DoE, July 1993, paragraph 42).

The revised PPG6 (June 1996) puts this more concisely in saying that:

“Impact assessments need usually only adopt a broad approach. Parties should, where possible, agree data (such as trends in turnover, population, expenditure and efficiency in the use of retail floorspace) before preparing impact assessments and present information on areas of dispute in a succinct and comparable form” (DoE, June 1996, paragraph 4.14).

Noel has examined the practical use of retail impact assessments, particularly their accuracy and usefulness to land use planning. He argues that impact assessments are only useful:

- (a) when they accurately predict the likely impact
- (b) when they provide effective input into the decision-making process.

His case study showed that the quantitative impact assessments carried out were of limited use to the Inspector in coming to his conclusions. Expert judgement and actual experience were of more value (Noel, 1989 and 1990).

The RTPI's Retail Planning Working Party examined appeal decisions on proposals for superstores in the 1980s. Among the factors that emerged at that time were that:

- (a) The Secretary of State generally sought to allow new shopping proposals and did not appear to have been unduly concerned about shopping impact
- (b) He was not generally concerned at low levels of impact but on some occasions was concerned about the loss of an anchor supermarket (RTPI, 1988).

The policy background, of course, has changed significantly since the 1980s. The 1993 guidance states that:

“When drafting plan policies or considering planning applications for developments outside town centres, local planning authorities should take account of the possible impact (including the cumulative impact with other recent or proposed retail

developments) on the vitality and viability of any nearby town centre as a whole" (DoE, July 1993, paragraph 33).

The 1996 guidance sets out 'key tests' for assessing retail developments:

- (1) impact on the vitality and viability of existing centres
- (2) accessibility by a choice of means of transport, and
- (3) impact on travel and car use.

The 'impact test' refers to:

"likely economic impacts on town centres, local centres and villages, including consideration of the cumulative effects of recently completed developments and outstanding planning permissions" (DoE, June 1996, paragraph 4.13).

PPG6 recognises that different types of retail development can have different impacts on the vitality and viability of town centres. For instance, the impact of a retail warehouse park which sells bulky goods which cannot be accommodated easily in town centres will depend on the range of comparison goods sold. It is acknowledged that large foodstores and supermarkets often play a vital role as anchor stores in maintaining the quality and range of shopping in smaller towns and district centres.

"In the case of many smaller centres, particularly historic towns, the best solution may be the edge-of-centre foodstore with parking facilities, which enables car-borne shoppers to walk into the centre for their other business in town, and shoppers who arrive in the centre by other means of transport to walk to the store. One trip can thus serve several purpose, and the new shop is likely to help the economic strength of the existing town centre, be accessible to people without cars, and overall generate less car use. Town centre and edge-of-centre stores facilitate a higher proportion of linked trips" (DoE, June 1996, paragraph 3.13).

The Environment Committee considered retail impact assessment and said:

"There cannot be a simple formula for calculating the impact of every retail development in every part of the country. However, we believe that there is a need for better guidance on anticipated impacts - especially of the long-term social and environmental effects - in retail planning, so that these lessons can be used by local authorities as they finalise their Development Plans and in their assessment of planning applications. We recommend that the Department commission more independent research into the impacts of retail developments, particularly into the cumulative effects of out-of town developments on the vitality and viability of existing centres" (Environment Committee, 1994, paragraph 112).

The Government agrees that there is a need for a greater awareness of the range of impacts of out-of-centre developments, not only trade diversion. It emphasises the need for a broader assessment framework covering economic, social and

environmental considerations (DoE, February 1995). It is central to this thesis that improvements in impact assessment are required. Chapter 4 examines the practical problems associated with RIA methodology, and recommendations are made in Chapter 11 on best practice in applying assessment methods.

2.7 The Evolution of Retailing

An important element of the background to this examination of the development and use of RIA is to show how the retail system in Britain has evolved and what are the current trends in retailing that are relevant to retail impact issues. The evolution of retailing is discussed first with reference to the traditional pattern of shopping and recent changes which have significantly altered the way that people shop. The traditional role of town centres was recognised in the July 1993 version of PPG6:

"Town centres have grown over the centuries as places where people come together to buy and sell, close to where people live or where major routes converge. Historically, markets and other activities developed alongside each other, taking advantage of the congregation of people and the opportunities for attracting visitors. The marketplace and retail function have therefore been at the heart of the evolution of today's towns and cities, which provide a range of services and functions for those who live or work there or in the surrounding areas" (DoE, July 1993, paragraph 3).

Guy summarises the historical development of shopping. He notes that town centre retailing in Britain originally took the form of periodic markets. The first permanent shops appear to have been sited around these markets, and such shops became common in the 18th century in market towns. During the 19th century the demand for retail premises increased and shops were developed mainly through conversion of properties in streets adjoining the market place. Many towns experienced rapid population growth and a growth in demand for retail goods. Market halls were built, particularly in the new industrial towns which lacked traditional market places, and they remained the main form of food shopping until well into the 20th century. The middle of the 19th century saw the beginning of two very significant developments in retailing: the department store and the multiple retailer. Developments by both of these organisations were important influences on the present-day appearance and character of town centres (Guy, 1994b).

"The 19th century also marked the beginnings of retail development outside town

centres, serving the needs of the local population. A typical location for early shopping development was the major road, either on the fringe of the town centre or within residential areas. This would provide good access for both suppliers of goods and customers. In addition, the initial residential development was often to a grander scale along major roads than in the side streets behind, allowing more potential for retail conversion. It is possible that this latter reason may be more important in explaining the widespread development of 'ribbon' shopping areas along major roads in British towns than the advantages of access." Corner shops were also *"usually converted from residential use and served the community with routine consumer goods such as groceries or cooked food to take away"* (Guy, op cit, p100).

The traditional age of retailing is seen as the period from the turn of the century to the Second World War. During this time our major town centres took on their modern basic form. It was a period of development and growth of multiple retailers and the establishment of department stores (Parsons and Sherman, 1994). Up to the Second World War shops were generally built in the centre of communities where they were most accessible by foot or public transport. Most shops were small and privately owned, though larger shops were also built along the main radial routes in urban centres, as described above. A discernible pattern or hierarchy of shopping centres developed, distinguished by size and type of retail function, from local centres to regional or city centres (RTPI, 1988).

This traditional pattern of shopping centres existed until the 1970s. Guy identifies some common characteristics of the urban retail system in Britain in the 1950s and 1960s:

- (1) one major centre in the town's historic core
- (2) a higher density of shops in the inner areas than the outer areas, with district centres along the principal radial roads
- (3) a large number of small groups of shops and corner shops in inner areas serving a convenience function for the immediate population
- (4) neighbourhood centres and local centres in outer areas, usually purpose built and with some car parking for shoppers (Guy, 1984).

In the post-war period and the 1960s the town centre was the focus of shopping development. The advent of the 1947 Town and Country Planning Act and associated legislation allowed local authorities for the first time to plan

comprehensively for new shopping provision. Many town centre redevelopment schemes were implemented, bringing improvements such as pedestrian precincts, shopping malls, car parking and better public transport links (RTPI, 1988).

"From the 1960s, however, there has been a rapid and radical change both in the location and function of shops and also in the structure and organisation of the retail industry" (RTPI, 1988, p25).

Schiller (1986) has identified 'three waves' of retail decentralisation from established town centres in the UK:

- (1) The first wave occurred from the 1970s with the advent of the freestanding food superstores and hypermarkets outside town centres
- (2) The second wave in the 1980s was the very substantial development throughout the country of freestanding retail warehouses selling bulky non-food goods such as DIY items, furniture, carpets and electrical goods
- (3) The third wave, from the mid 1980s, involves comparison goods traditionally found in town centres and competing directly with town centres. It includes the major out-of-town regional centres and retail parks, and also hybrid centres on the edge of towns with extensive comparison goods and leisure facilities.

Schiller comments that the large durable goods town centre will no longer sit at the apex of a hierarchy of centres. Rather it will provide a separate function from the superstores, retail warehouses and third wave developments which surround it (Schiller, op cit, p15). The following section discusses these recent and continuing trends in retailing.

2.8 Current Trends in Retailing Relevant to Retail Impact

"Retailing is constantly adapting to changing economic and social conditions, and in particular the increasing availability of the private car. Changes in shops, shopping areas and shopping habits are continually taking place. There has been a marked trend towards larger shops. This is because some operators seek to increase efficiency, to extend the range of goods available on one site to the customer, to achieve economies of scale and to offer customers a better quality shopping environment. These shops need a large floor area, road access for shoppers and trade vehicles, and sufficient car parking nearby" (DoE, July 1993, paragraph 22).

This statement recognises the influence of social and economic trends on retailing patterns. Bromley and Thomas (1993) have reviewed retail change and the issues it

raises. They note that *"retail change has occurred in the context of wide-ranging socio-economic trends"*, namely:

- increasing affluence leading to a growth in car ownership and much greater mobility
- decentralisation of population from city centres to suburban areas and small towns, and trends in the composition of the population such as the increase in one-person households
- the changing character of the working population such as the increase in part-time and female employment, combined with the growth of unemployment
- changing social attitudes, particularly the increase in leisure time and shopping as a leisure activity.

Bromley and Thomas (op cit) add that *"while the four groups of socio-economic trends exert a background influence on retail change, other trends have a more integral role"*. These include:

- the 'technological revolution' of the past few decades which has transformed retail operations, including self-service retailing, the effects of economies of scale on the size of stores, and information technology
- changes in the business organisation of retailing such as the abolition of resale price maintenance in the UK in 1964, the trend towards larger companies and internationalisation of the activities of the largest retail firms
- the weakening of planning constraints in the 1980s which accelerated the trend towards out-of-town shopping.

To these socio-economic factors can be added changes in consumer demand and shopping behaviour. Granby has commented on the effect of the changing aspirations of society on the co-existence of High Street and out-of-town retailing, pointing out that consumers are demanding better choice of retail facilities (Granby, 1988).

The retail industry has responded to these changes. During the 1980s and early 1990s the dominant operators within the comparison goods market were the national multiples; small, independent town centre shops suffered. Within the food sector

particularly, the industry became very concentrated with over 40% of the turnover taken by four big groups; Sainsbury, Tesco, Argyll and Asda. This became associated with very significant superstore development programmes. Within the retail warehouse sector demand for units in out-of-town locations peaked in 1989. In addition, new types of development emerged in the form of regional shopping centres such as the Metro Centre and Meadowhall, and hybrid shopping centres emerged with Marks and Spencer and food retailers such as Tesco and Sainsbury linking adjacent out-of-town stores.

Recognising that retailing is essential to the vitality and viability of town centres, some towns and cities developed new town centre shopping complexes. However, despite the large investment in quality schemes in town centres, retailing has become increasingly focused on edge-of-town or out-of-town locations, led firstly by the large food superstores and retail warehouses and more recently by the mixed use retail parks and the huge out-of-town regional shopping centres. Looking to the next decade and beyond, town centres and strategies for their enhancement are likely to be a dominant theme. The role of town centres as leading locations for comparison shopping seems to be assured because of firm policy restraint on major out-of-centre floorspace (Lucas, 1995).

Some of these recent trends seem likely to continue. Developers will be likely to continue to search for the occasional out-of-town regional centre. Those that have been built have been extremely successful. However, with increased emphasis placed on the environment and the promotion of public transport, developers may find the opportunities for further regional centres very limited. One notable exception is Trafford Park in Greater Manchester which was granted approval in 1995 following a decision by the House of Lords after a complex planning inquiry and protracted legal dispute, and is currently under construction.

It is extremely likely that the largest retailers will continue to dominate the retail market and that the food operators will continue to seek to develop outside town centres, but they are being forced by current Government policy to seek sites in edge-of-town rather than out-of-town locations. In the face of increasing price

competition they may find different ways of competing. There is already a trend for food stores to diversify and sell goods other than food and provide services such as dry cleaning, cash dispensing machines, pharmacies and petrol filling stations. Furthermore, food stores may offer savings on bulk purchases of basic goods. Another manifestation of price competition is the introduction of own label lines for basic staples. The number of profitable prime superstore sites is diminishing and the emphasis is likely to shift to smaller supermarkets of around 2,000 sq. metres to cater for the significant market for food within market towns and suburbs.

Out-of-town retail warehouse park development is also likely to continue. However, retail parks are changing, with a polarisation of unit sizes and a more selective approach to location. Some are providing an increased range of products in much larger units eg B&Q's Depot stores. Others have decreased their floorspace and refined their range of products. Some companies are targeting stores in towns which traditionally would have been considered too small. Although in the 1980s the bulk of expansion focused on DIY and furniture, recent growth has been in white goods eg toys and car parts, and in electrical goods and traditional High Street goods such as sports and optical equipment. Leisure is also becoming a common feature of retail parks, with for example cinemas and bowling alleys becoming increasingly popular.

A further trend is the emergence of the discount food operators. Retail operators, in both the food and non-food sectors, are now increasingly being exposed to price competition with the expansion of the discount operations. Cheaper operating costs and lower profit margins are reflected in cheaper prices to the customer. High Street food discounters that have expanded rapidly in the last few years include Kwik Save, Aldi, and Netto.

Signs are also emerging of a trend towards a new approach to discounting, based on experience in North America. Proposals commonly target out-of-centre locations of ten acres or more, capable of accommodating large developments with surface car parking and with good strategic road accessibility (Tapley, 1993). Within the UK two main types are being actively promoted - 'warehouse clubs' and factory outlet

centres'.

(a) Warehouse Clubs - Warehouse clubs provide the opportunity to buy in bulk a variety of grocery, household and electrical goods at discount prices. They charge customers a small annual membership fee. Prices are kept low by minimal overheads, low profit margins and by stocking a limited number of brands. The first warehouse club in Britain was the American operator Costco, which opened a store at Thurrock in Essex at the end of 1993.

(b) Factory Outlet Shopping Centres - These centres are custom designed malls, comprising a number of shops selling high quality goods from up-market manufacturers. In general, because goods sold in factory shops are seconds and end-of-range or surplus stock products, prices tend to be much lower than on the High Street. Factory outlets seek to locate some distance from a main shopping centre so sales are not transferred from the High Street. The first two factory outlet centres in Britain were at Hornsea Freeport in East Yorkshire and Clarks Village at Street in Somerset, and by June 1997 a total of sixteen were open in Britain (see Section 8.4).

Electronic ordering and home delivery could bring about a revolution of the food retail industry with implications for town centres and out-of-town sites. The potential trade diversion for home shopping is massive. But the electronic revolution need no mean the end of the town centre as we know it. The reality is that people will always love the shopping experience.

2.9 Summary

Retail impact is relevant to urban planning because of the need to assess the effects of new or proposed retail developments on existing shopping centres. Although concern with retail impact is wide-ranging, this thesis concentrates on the major issue of predictive impact assessments. The main hypothesis of this research is that impact assessment should be set within a policy framework, therefore it is particularly important to consider how the impact of proposed retail developments should be assessed in order to make policy decisions.

Three types of retail impact may be identified - economic, social and environmental. Emphasis is placed in this thesis on economic impact; economic factors have become critical in assessing proposals for new development. Social impact is relevant to the extent that some groups in the population are relatively disadvantaged and less able to benefit from new types of shopping development. There is also growing concern with environmental impact, mainly related to the traffic implications of retail development, and this is reflected in Government policy towards retailing.

Attention is focused on economic impact because retail impact is fundamentally an economic concept, concerned particularly with the strengths and weaknesses of shopping centres and the effects of changes in shopping patterns on the trading position of existing centres. Demand and supply factors in the property market also influence retail development; the trading performance of a shopping centre is determined to a large extent by its location.

The importance of RIA in the British planning system lies in its application in the context of planning policy and decision-making. RIAs are carried out mainly in relation to planning applications or public inquiries, and impact questions are a key factor in decisions on proposed retail developments, particularly under the policy regime established by PPG6. The application of RIA has in the past been viewed with some scepticism by Planning Inspectors at inquiries, and the approaches used have been refined more recently to increase their acceptability as a basis for decision-making.

The key policy guidance of PPG6 from the point of view of this thesis is the 'impact test' which states that local planning authorities should consider the impact of proposed retail developments on the vitality and viability of existing town, district or local centres, and any cumulative effects of recent and committed developments.

A review of the evolution of retailing shows a breakdown of the traditional pattern of shopping centres with the development of out-of-centre shopping. There have

been three 'waves' of retail decentralisation from the 1970s - comprising supermarkets/ superstores, retail warehouses, and latterly retail parks and major regional shopping centres.

Social and economic trends have had a significant influence on retailing patterns since the 1960s, and there have been considerable changes in consumer demand and shopping behaviour. Continuing and emerging trends in food and non-food shopping include discount foodstores, warehouse clubs and factory outlet shopping centres.

There are important distinctions between these different types of retail development because their impacts vary in terms of effects on existing shopping centres, and the approaches used to assess their impacts must reflect the differences in trading patterns.

3. HISTORICAL DEVELOPMENT

Chapter 2 has established the focus of this thesis on retail impact as an economic concept and explained its importance in urban planning. Interest in the impact of new and proposed retail developments has assumed particular importance in the planning system in Britain during the 1980s and into the 1990s because of growing concerns about the effects of large new developments on existing centres. Retailing is a rapidly changing activity and current trends would suggest that new forms of retailing will impose further threats to established shopping patterns during the 1990s. This chapter shows how the application of retail impact assessment has developed over recent decades, moving through several stages of evolution and it sets the context for the analysis of the policy framework underlying retail development which follows in Chapter 5 .

3.1 Evolution of Approaches to Retail Impact Assessment

The development of retail impact assessment in Britain is a relatively recent phenomenon which originates from concerns about the impact of development proposals for out-of-town or out-of-centre shopping developments (Drivers Jonas, 1992, p3). Holt summarises the overall context for this development since the 1970s.

"Retailing in the UK has gone through nothing short of a major revolution in the past 20 years in terms of the dramatic shift away from traditional High Street outlets to large out-of-town superstores. This fundamental change has largely been achieved despite the fact that most local planning authorities have been unhappy with it, and has been allowed to happen by central government policy ...yielding to market pressures" (Holt, 1996, p130-000).

The reference to 'superstores' in this statement applies to all types of out-of-centre retailing - including retail warehouses and regional centres.

The historical perspective which forms the focus of this chapter covers the period from the 1960s and early 1970s onwards. An analysis is made of the approaches to retail impact assessment in each decade. However, a number of key factors apply across the whole period and these are discussed first. The analysis of retail trends

presented in Chapter 2 is also relevant and provides a context in terms of socio-economic changes and developments in methods of retail operation.

Retail innovations in the 1960s led to two very important changes in the established patterns of shopping centres and shopping behaviour:

- (1) increased competition between stores loosened the locational ties of stores
- (2) economies of scale in retailing led to the development of much larger stores.

There followed the growth of hypermarkets and superstores, particularly in the 1970s, and discount retail warehouses (Guy, 1984b).

Guy (op cit) comments that:

"The history of post-war change in British urban retailing may be seen as the outcome of two conflicting influences:

(1) pressure for decentralisation, suburban development and freestanding stores from major retail firms, anxious to serve the expanding suburban market and improve efficiency and competitiveness

(2) pressure from local authority planners and councillors to maintain the pre-eminent position of town and district shopping centres."

Research by BDP Planning (BDP) and the Oxford Institute for Retail Management (OXIRM) for the Department of the Environment notes that the first systematic studies of out-of-town retailing appeared in the early 1960s. Their report states that:

"It is important to place subsequent studies in the context of a substantial historical legacy of impact research." (BDP/OXIRM, 1992, p32).

The BDP/OXIRM report considers this historical context in three broad periods, each characterised by different emphases in terms of research, reflecting changing political, social and economic pressures.

"Economic impact assessment has moved from elaborate spatial modelling techniques used in the 1960s and potential impact studies in the 1970s, to a waning interest in detailed impact studies and consequently a lack of knowledge in the 1980s of the broader economic effects of new forms of retailing. There is little substantive research that can demonstrate an adverse impact of large food stores. As yet little has been done about the impact assessment of large non-food stores or regional centres. Some post-hoc monitoring exercises are under way." (BDP/OXIRM, op cit, p6).

The three time periods identified by BDP/OXIRM are described as:

The 1960s: a decade of model development

The 1960s were typified by the widespread use and modification of US spatial interaction modelling techniques. Such approaches were incorporated into the regional and sub-regional planning studies that took place during the mid/late 1960s, and they began to attract the interest of local authorities.

The 1970s: a decade of debate

In the 1970s there was extensive discussion about the nature of impact and the benefits or disbenefits of new stores, in the context of an increasing number of proposals for out-of-centre retail development. The 1970s began with a new system of structure plans and local plans, each with specific retail development proposals. Several large scale surveys were conducted, and particular attention was paid to the potential impact of major city centre developments.

The 1980s: a decade of uncertainty

In the context of a significant increase in the amount of out-of-town retail development, the 1980s were epitomised by a lack of comprehensive local knowledge on retail change, a declining interest in the impact of existing shopping centre developments, and evidence of a limited impact arising from retail development in peripheral locations. (BDP/OXIRM, op cit).

These three time periods provide a convenient framework for the analysis of the evolution of impact assessment approaches presented in this chapter. However, a fourth time period is also relevant to this analysis - the 1990s. The 1990s were not highlighted in the BDP/OXIRM research but the report refers to the dramatic changes which occurred in the retail development process in Britain in the late 1980s and early 1990s, reflecting the “shifting fortunes of the economy” and a “swing in the pendulum of planning attitudes” towards major retail development. These recent trends have been referred to by BDP/OXIRM as a shift towards a more 'balanced approach' to retail development. The characteristics of these four decades in the historical development of retail impact assessment are examined in detail in the following sections of this chapter.

Questions of the economic impact of major new retail development can only be understood in the context of different types of such development, because of differences in their scale, character and incidence. (BDP/OXIRM, op cit). The main types of retail development that need to be considered are grocery superstores, retail warehouses and parks, and regional shopping centres. Predictive impact studies were first developed in association with the Haydock Park regional shopping centre proposals (noted below) but became more widely used during the 1970s with the growth of superstore and hypermarket retailing. Similar impact assessment techniques were later applied to the development of retail warehouses and regional shopping centre proposals. (Noel, 1989).

Superstores

The development of superstores in Britain dates from the mid-1960s. The abolition of resale price maintenance in 1964 led to economies of scale in building large grocery stores and seeking sites in suburban or edge-of-town locations. All the major grocery stores embarked on programmes of large store development in the 1970s and there was intense competition between operators for sites (Guy, 1988).

The first superstore inquiry where impact assessments were presented was the Carrefour hypermarket at Chandlers Ford, Eastleigh in 1971 (Noel, op cit). The economic impact of superstores and hypermarkets was most extensively studied in the 1970s but shopping issues arising out of applications for the development of superstores have remained important at inquiries up to the present day. It has been estimated that 'shopping issues' of this kind accounted for just under 40% of refusals of planning permission for grocery superstore development between 1971 and 1991 (Lee Donaldson, 1991). The issue of cumulative impact of a number of proposals has become of more recent interest. The BDP/OXIRM report states that little work has been done on the cumulative effects of superstore openings.

Early studies of the impact of superstores and hypermarkets on patterns of shopping behaviour focused on the trading characteristics of individual stores. Despite initial fears about the adverse impact of these developments on town centres, the evidence

suggested that their effects were felt most by the smaller district centres in their immediate vicinity rather than by town centres (Bromley and Thomas, 1993).

The impact of superstores in the 1970s turned out to be much less severe than was first feared. Schiller commented that:

"The evidence is clear and consistent that the impact of freestanding superstores is diffused over a wide area. They have tended to divert a small amount of sales from a large number of surrounding centres. Superstores also have a relatively minor impact on small local shops. In fact, the evidence is that the greater the size of competing stores, the greater the impact from the superstores" (Schiller, 1981, p38).

However, Schiller notes that it is very difficult to distinguish the effects of superstores from other factors causing changes in spending patterns.

Writing slightly later, Davies stated that most studies agreed that the main casualties of superstores and hypermarkets were the smaller branches of the multiple food retailers themselves (Davies, 1984). He concluded that:

"Overall, much of the concern that was expressed during the early years of the hypermarket debate has proved to be unfounded" (Davies, op cit, p276).

More recent evidence continues to support this view. Since the late 1970s initial fears about the potentially drastic effects of superstores on older shopping facilities have gradually declined and superstore trading has emerged as the major feature of grocery shopping in the UK (Bromley and Thomas, op cit). During the 1980s there was a rapid increase in the number of superstores, a rapid rise in their total market share of food and convenience goods sales from under 9 per cent in 1980 to 50 per cent in 1990, and a marked shift to out-of-centre locations. There is increasing evidence, however, that the pace of this development is slowing. The key issue about superstore development is how it will affect small market towns. The House of Commons Environment Committee on Shopping Centres and their Future reflected the concern that pressure for superstores in small towns could undermine the vitality and viability of these centres because it could reduce linked shopping trips for food and non-food goods (Environment Committee, 1994). The market towns are now widely seen as a new growth area for the major food retailers (Parker, 1995).

Retail Warehouses and Parks

Retail warehouses first appeared in Britain in the late 1970s in response to the need for large-scale retailing of non-food bulky goods. According to Thomas and Bromley:

" In particular, DIY retail warehouses and garden centres were viewed as new retail functions unsuited to trading within the fabric of traditional shopping centres because of their large space and car parking requirements. This view of competition as 'benign' fostered the concept of the complementary relationship between the retail warehouse phenomenon and the pre-existing retail system. In the context of the increasingly 'free market' attitudes of central government to retail planning in the 1980s, this view was maintained despite the incremental addition of increasingly specialised retail functions to this form of trading. This was accompanied by the emergence of the retail warehouse park in a variety of forms and scales" (Bromley and Thomas, op cit, p134).

Retail warehouse parks have experienced rapid growth since the early 1980s. The initial development of retail warehouses was considered unlikely to have an adverse effect on existing trading patterns (Brown, 1989). Generally there was less concern about the impact of retail warehousing because of the relatively low turnover per sq ft which these stores tend to generate and the relatively high sales growth in this sector which tends to offset any trade diversion (Davies and Howard, 1988). However, the BDP/OXIRM report considers that the evolution of retail warehouses and parks may offer a greater potential threat to traditional town centres than does out-of town grocery retailing. There is now a much greater overlap with conventional town centre trading profiles eg in electrical goods, furniture and toys.

Thomas and Bromley consider that evidence on the trading impact of retail warehouses on existing centres is slight. The evidence suggests that:

"Retail warehouses have particular appeal for car-borne shoppers drawn from a wide trade area. Thus their impact is diffuse and is likely to affect the town centres and district centres within their spheres of influence. The early notion of their essentially complementary relationship to traditional centres and their benign impact, however, appears in need of re-evaluation. The scale of decentralisation and the variety of new retail forms associated with retail warehousing suggests the existence of a more potent force for change than was initially anticipated. Retail warehouses are clearly capable of diverting a significant proportion of trade from existing centres for an increasingly specialised range of products" (Thomas and

Bromley, 1993, p140).

Concern about the recent expansion of out-of-town retail parks into selling 'High Street' durable shopping goods has been expressed by the House of Commons Environment Committee. Their report comments that:

"While individually the impact of such developments on the town centre may not be great, cumulatively they represent a relatively rapid shift of retail turnover from town centres to other locations" (Environment Committee, op cit, p xxiii).

Regional Shopping Centres

Early proposals for the development of regional out-of-town shopping centres in Britain dating from the early 1960s met with vigorous opposition from central and local government. Extrapolating from US experience, the scale of the proposals for Brent Cross in London and Haydock Park in Lancashire generated fears of damage to city centres as well as environmental and traffic impacts. The application for a regional centre of 1 million sq ft at Haydock, between Manchester and Liverpool, was refused in 1964 by the Ministry of Housing and Local Government, following a planning appeal. The main reason for refusal was the projected impact upon existing town centres in the region (Guy, 1994b).

In fact, the first regional shopping centre at Brent Cross was not approved until 1968 and did not begin trading until 1976. Even then, it was viewed as exceptional and to fit into a gap in the traditional retail hierarchy in North West London rather than as a truly new phenomenon.

The early hesitation about the development of regional centres relaxed with changes in government attitudes to retail policy in the early 1980s. New attitudes were bound up with the enterprise culture and a laissez-faire approach to retail planning by central government. Retail change was given additional impetus by Enterprise Zone policy (Davies and Howard, op cit).

In practice, only four regional centres are currently trading, although others are under construction or planned (see Chapter 8):

- the Metro Centre in Gateshead, opened in 1986

- Merry Hill in Dudley, opened in 1989
- Meadowhall near Sheffield, opened in 1990
- Lakeside near Thurrock, Essex, opened in 1990

These regional centres have attracted considerable research interest, particularly from OXIRM which is involved in the long term monitoring of both the Metro Centre and Meadowhall developments. A study has also been carried by Roger Tym and Partners on the impact of Merry Hill. Details of these studies are referred to later in discussing approaches to the impact of regional centres, but a brief mention is made here in the context of their implications on shopping trends.

Howard and Davies carried out a case study on the impact of the Metro Centre over a five year period 1986-91, focusing on its impact on established centres. Although in its first five years the Metro Centre took a substantial share of retail sales in North East England, its impact was not focused directly on Newcastle city centre but spread widely across a broad catchment area.

"Impact was experienced through a hastening or reinforcement of trends already working in retailing and shopping centres in the region. These trends included consumer preference for larger or more specialised or more convenient shopping centres and to use their increasing mobility to visit them. Impact has been most adverse, not in the largest centre or even the centres nearest to the Metro Centre, but in the weaker centres and the weaker parts of centres" (Howard and Davies, 1993, p148).

Research on Merry Hill shows that, whilst it is a successful centre, Merry Hill does not enjoy good accessibility and it has a relatively limited catchment area for a development of its size. The impact of Merry Hill has been most concentrated on nearby centres. Dudley has been particularly adversely affected and Stourbridge has also suffered a very significant impact. Although Merry Hill has diverted some trade away from the two largest comparable centres in the West Midlands conurbation - Birmingham and Wolverhampton - the conclusion was that these centres remained buoyant (Tym, 1993).

3.2 1960s: Model Development

The initial theoretical development of models took place in the USA in the 1950s and early 1960's, a period of increasing quantification in approaches to retailing problems. Gravity models were developed using a probabilistic notion of competition between shopping centres. Huff's probability model simulated consumer behaviour in making shopping trips. It is formulated as a series of probabilities of consumers choosing to visit one centre from a set of competing centres.

The Retail Sales Potential Model was developed in the USA by Lakshmanan and Hansen as a derivation from earlier interaction models, enlarging upon the work of Huff. The model states that the sales potential of a shopping centre is directly related to its size, its proximity to consumers and its distance from competing shopping facilities. Lakshmanan and Hansen first applied their model in the Baltimore metropolitan area to predict the actual sales volume that would be realised in various major shopping centres given alternative planning policies, and it was extensively used in studies in many parts of the USA (Davies, 1976).

The new modelling techniques, particularly spatial interaction models, were imported into Britain during the 1960s. The Centre for Environmental Studies (CES) stimulated much of the early interest in modelling. CES carried out a review of retail location models, outlining their structure and giving a selection of their applications (Cordey-Hayes, 1968). Further discussion of shopping models and their applications is contained in Chapter 4.

The Distributive Trades Economic Development Committee (EDC), established by the Labour government in the mid-1960s, set up a Shopping Capacity Sub-Committee in 1966 to advise on future shopping in Britain over the next 10-20 years. Their final report, entitled 'The Future Pattern of Shopping', made a series of recommendations for planning policy. It was recognized that at the time there were very few out-of-town shopping developments in Britain and that on the whole central and local government held an adverse attitude to them. The report

considered that it was:

"highly desirable that the Department of the Environment should lay down guidelines stating criteria for their acceptability; such guidance would be of great help to all those concerned with developing a high standard of shopping provision" (NEDO/Distributive Trades EDC, 1971).

As a result of this growing interest in future shopping provision and the role of models, the Distributive Trades EDC also set up a Models Working Group which published 'Urban Models for Shopping Studies' in 1970. This report examined the nature and purpose of shopping models, the problems they were being used to tackle, and the reliability of particular models (Distributive Trades EDC/NEDO, 1970). The report attempted to identify the most useful models for use in Britain based on the constraints of optimum resource allocation, economic efficiency and customer convenience (Kirby, 1986). No particular model or approach was recommended. Rather, the various types of model were found to complement each other. A step-by-step approach was suggested, with these models being incorporated into the planning process to generate and test alternative scenarios (NEDO/Distributive Trades EDC, op cit).

One of the earliest British applications of the retail sales potential model was reported in work carried out by McLoughlin and others in the Department of Town and Country Planning at Manchester University on regional shopping centres in North West England (Manchester University, 1966). This report describes the use of the model in predicting shopping sales throughout the region. Research was carried out as a follow-up to the study noted earlier which investigated the impact of the proposed out-of-town regional shopping centre at Haydock Park. The model was seen to be very flexible in its predictive use, enabling a large number of alternative assumptions to be considered about population distribution, road networks and shopping strategies.

Various shopping models were incorporated into other major regional and sub-regional studies to provide a strategic framework for retail investment such as the Nottingham and Derby Sub-Regional Study, the Leicester and Leicestershire Sub-Regional Study, and the Teesside Survey and Plan. The report of the Teesside

Survey and Plan describes the analysis and argument leading to the definition of a shopping policy for Teesside (Wilson and Womersley, 1969). The policy is described quantitatively in terms of the assumed retail sales attracted to each centre and the likely amount of shopping floorspace required for this volume of trade. The method of analysis follows closely that used in the North West shopping study and the retail sales potential model developed by Lakshmanan and Hansen was used to predict the sales likely at each centre, given the assumed amount of shopping floorspace and the distribution of population on Teesside. The model was used separately for convenience and durable goods, in contrast to the North West study which considered durable goods only.

The same model was also applied by Rhodes and Whitaker to retail trading in the London Borough of Lewisham. Their work was concerned with finding some solution to the problem of estimating shopping demand under British conditions. No attempt was made to predict the future level of retail sales for shopping centres in Lewisham; the model was applied merely to test its general ability to predict the actual 1961 retail sales in the ten centres of different sizes within the Borough. Comparing model-generated spending with observed retail sales in each centre, the model performed quite successfully (Rhodes and Whitaker, 1967). Although not an impact study this was an important early application of quantitative methods in urban planning in Britain.

Several impact studies were conducted in the 1960s by local authorities, planning agencies or bodies employed by these groups, in relation to proposals for out-of-town regional shopping centres. They focused principally on trading deflections from established centres although there was peripheral reference to questions of the quality of the environment and traffic considerations. All of the regional shopping centres proposed in the 1960s were rejected at Inquiries. The forecast losses of trade in impacted town and city centres were judged to be too high (BDP/OXIRM, op cit).

According to BDP/OXIRM there were perhaps two lasting legacies of the 1960s. First, the over-reliance on models to assess impact led to a later backlash against

them. Secondly, the rejections of proposed out-of-town development helped to engender a 'climate of opposition' amongst planners to all types of outlying development and an assumption that the debate about major out-of-town development had been concluded.

Concern began to be expressed in the late 1960s over the methods of assessing the impact of large new stores. There was widespread opposition to increasing quantification in planning and the use of mathematical models. Critics regarded the obsession with quantitative methods as reflecting a desire to impart an aura of scientific respectability to what was regarded previously as a subjective or intuitive process. It was further claimed that the state of model development at that time was essentially theoretical, highly experimental and sporadic in its occurrence, depending very much on personal initiative and bearing little relation to planning practice (England, 1970).

3.3 The 1970s: Decade of Debate

Interest in modelling continued in the early 1970s. Spatial interaction models were widely used to forecast the potential sales of new retail developments and to assess their competitive effects on surrounding centres. The Planning Research Applications Group (PRAG) was active in the practical development of shopping models and their application in empirical situations (Kirby, 1986). One project carried out by PRAG was in Cleveland where a hierarchical shopping model was developed for use in the monitoring and review of the structure plan. The earlier shopping model inherited from the Teesside Survey and Plan was found to be deficient in various respects. The case study in Cleveland showed that the model could be used to adequately describe a retail system in terms of expenditure flows and shopping centre sales, though it was acknowledged that some significant improvements to the performance of the model were needed (Booth, 1975).

The Unit for Retail Planning Information (URPI) also developed a shopping model, from a similar theoretical basis as that of PRAG. The URPI model was a combination of two approaches, embedding a spatial interaction model within a

hierarchical (central place) structure. It allowed for a two-level hierarchy of higher order (comparison) goods and lower order (convenience) goods. The best known application is by South Yorkshire County Council in the preparation of shopping policies for the South Yorkshire Structure Plan, where the model was used for analysis of the 1974 pattern of shopping and to forecast the effects of structure plan policies in the future (Alty et alia, 1979).

Throughout the 1970s there was a lively debate on the nature of impact and the benefits or disbenefits of hypermarkets and superstores. Local authorities were on the whole opposed to the growth of superstores, reflecting their 'vested interest' in established town and city centres. Most early structure plans were:

"totally opposed to any interference with the established hierarchy of conventional shopping centres, were silent on the question of out-of town shopping centres and advocated the unchallenged role of the town centre" (Holt, 1996, p131-010).

In the light of the growing number of proposals for hypermarkets and superstores, the Government issued Development Control Policy Note 13 (DCPN13) on Large New Stores in 1972, encouraging local authorities to exercise care in granting planning permission for out-of-town development. Concern about the impact of these large new stores also led to several major surveys being carried out, and these are summarised below.

One of the first true hypermarkets in Britain was the Carrefour at Caerphilly, South Wales. This development attracted considerable research interest. Donaldsons produced three reports during the 1970's on the impact of the store after opening, after two years of operation, and after five years of operation. These studies found no adverse effects on existing shops, but it was difficult to differentiate between changes resulting from the hypermarket and changes due to other factors. Donaldsons' conclusions were that the survey findings broadly confirmed the findings of other research studies into the operations and impact of hypermarket or superstore developments. The final report states:

"These findings controvert the argument that hypermarkets or superstores entail widespread adverse impact upon the traditional shopping hierarchy. They should allay the fears that hypermarket or superstore developments involve unacceptable

risks to established shopping areas" (Donaldsons, 1979).

A comparative study of the competitive effects of three large food stores in York, Northampton and Cambridge was carried out by the Retail Outlets Research Unit at Manchester Business School in 1976. These surveys represented, together with the Department of the Environment's survey of the Eastleigh Carrefour hypermarket, the first direct studies of the impact of superstores and hypermarkets on the trade of other retailers, as opposed to indirect studies which depended on information obtained from shoppers about their changing habits. The superstores used as case studies were:

- Asda at Huntington, York
- Tesco at Weston Favell, Northampton
- Sainsbury in Cambridge

Surveys were conducted of retailers before the superstores opened and approximately six months after opening. The major conclusions were that:

(1) The superstores had a significantly larger impact on multiple and co-operative food retailers than independent traders. The impact was greatest amongst the larger branches of these multiples and co-operatives, and smallest amongst those branches furthest from the superstores.

(2) The effect on independent grocers and specialist food retailers, like butchers and greengrocers, was very limited (Thorpe, Shepherd and Bates, 1976).

Other research was conducted on the Asda superstore at Huntington in York at the same time by the Centre for Urban and Regional Research at Manchester University, on behalf of Asda. Large-scale household surveys were carried out before the store opened in 1974 and a year after it started trading. Although suburban centres close to the new store experienced some loss of trade, the effect of the store was spread over an extensive area and a large number of centres. There was no evidence that any shopping facilities, particularly in the smaller centres, were no longer viable (Bridges, 1976).

Another significant study in the 1970s was that of the Morrison Street hypermarket

in Glasgow. This store, which opened in 1977, was the first such store to be built in Scotland and also the first free-standing hypermarket in Britain to be located on an 'in-town' as opposed to out-of-town site. Based on interview surveys with hypermarket customers, the study found that the competitive impact was felt mainly by suburban supermarkets and particularly those outside the established district shopping centres (Pacione, 1979).

Mainly because of the findings of these and other studies, a less restrictive stance to proposals for large stores was taken by the Government and some local authorities in the second half of the decade. DCPN13 was revised in 1977 to convey a more flexible approach to the granting of planning permissions (BDP/OXIRM, p40). It stated that proposals for large new stores:

"will need to be carefully studied against the pattern of established shopping centres in the area, taking account of their adequacy, convenience and the need to retain their vitality and bearing in mind the planning objectives for the whole area likely to be served by the proposed store" (quoted in NEDO, 1988, p67).

The other significant area of debate in the 1970s concerned the effects of regional shopping centres. Reference was made earlier to the Brent Cross centre which opened in 1976. A 'before and after' study of Brent Cross by the Greater London Council found *"no evidence of any other centre having been dramatically affected as a result of the establishment of Brent Cross"* (GLC, 1980). By 1978 the effects of the new centre were spread widely so that no individual centre was severely affected. This was regarded by the study as confirming that the centre had filled a 'gap' in the pattern of retail outlets in this sector of London.

The late 1970s also saw the first major impact study of a city centre shopping development - the Eldon Square centre in Newcastle-upon-Tyne, which also opened in 1976. Bennison and Davies carried out research into the effects of the Eldon Square development in the context of a comprehensive account of the development, characteristics and general effects of town centre schemes. There was an initial adverse impact in terms of trade losses in the more peripheral parts of the city centre but with some recovery of trade later because of an overall increase in consumer spending within the city centre. The wider regional impact was felt most

acutely by Gateshead town centre which was already in decline.

"The findings regarding both the local and regional impact of Eldon Square suggest that new shopping schemes have far less adverse consequences on existing patterns of trade than ensue from similar-sized developments located on the outskirts of towns" (Bennison and Davies, 1980).

3.4 The 1980's : Decade of Uncertainty

Since the early 1980s attention in the retail planning field has focused on several issues in relation to the impact of major shopping developments. These include :

- (i) the role of hypermarkets and superstores in inner city renewal
- (ii) employment issues in hypermarkets and superstores
- (iii) effects in terms of traffic generation (Kirby, 1986)

As explained earlier, this thesis examines specifically the retail impact issues arising from new and proposed developments, though it is acknowledged that the other issues are also important.

The 1980s are referred to in this section as a 'decade of uncertainty'. Norris (1992) has also termed it 'a decade of dynamic change, disarray and confusion' arising from the decentralisation of retailing and its impact on the High Street. The research report by BDP and OXIRM points out that surprisingly little is actually known about the effects of major new retail developments in this period 'on the ground'. There are three reasons for this degree of uncertainty:

- (1) There is a "lack of comprehensive, consistent and timely knowledge on retail change". The problems of this woeful lack of information about retail trade are discussed in Chapter 4.
- (2) There is a 'lag effect' in appreciating the impact of major new retail development upon town centres. Interest in the effects of a new development tend to be greatest immediately after it has opened, but it will take time for these effects to be noticed and measured.
- (3) Relating events and trends directly to the effects of major new retail development is problematic because of the sheer pace of retail change and the wide variety of other factors which affect shopping activity (BDP/OXIRM, op cit).

Retail impact studies carried out in the 1980s were set in the context of a buoyant, prosperous and expanding retail sector. Negative economic impacts were offset by general economic growth (BDP/OXIRM, op cit). This point is recognised by Howard and Davies (1993) in their research on the Metro Centre which notes that the impact of the new centre was cushioned by retail sales growth during its development period. In fact, the 1980s were exceptional in postwar times for retail sales growth.

The fostering of rapid retail growth in the 1980s coincided with a significant relaxation of constraints on retail development under the Conservative Government. Davies and Howard have documented the response of the retail market to the government's laissez-faire approach. First of all, the new attitudes towards development accelerated the decentralisation process, leading to:

- a proliferation of superstores and bulky goods stores
- proposals for new large outlying centres
- proposals for retail warehouse parks and sub-regional centres.

At the same time concerns were voiced about traditional shopping centres, some of which were beginning to show signs of 'failing health'. The impact of new outlying centres was felt to be a contributory factor in this decline. Local authorities and professional bodies such as the Royal Town Planning Institute (RTPI) became increasingly critical of the government's approach (Davies and Howard, 1988).

The RTPI's Retail Planning Working Party produced a report in 1988 on Planning for Shopping into the 21st Century. It recognised that the relative buoyancy of retail expenditure over recent years together with increased car ownership, the improved road network, the removal of bulk food shopping from town centres, and the market power of a small group of retail companies had created significant retail opportunities for development companies. These changes gave rise to concern about the ability of planning policies to control the location of such developments. Conflicts with planning policies which had traditionally been rigid meant that a high proportion of applications needed to be decided on appeal (RTPI, 1988).

Against this background, in 1985 the Distributive Trades EDC initiated a study of the prospects for High Street retailing to examine the factors affecting recent and prospective changes in shopping and to consider their longer-term implications. The study report, *The Future of the High Street*, highlights the uncertainty which was evident in the 1980s. The absence of clear retail policy is noted and the report comments on the major problems associated with retail data and the methodology of retail impact assessment (Distributive Trades EDC, 1988)

In the mid-1980s there were few grounds for local government opposition to the principle of superstores, and apart from technical objections the only realistic basis on which it was possible to reject them was their adverse impact on an existing retail pattern.

"Such an examination is not an entirely exact science in the complex and volatile shopping scenarios that present themselves in most urban areas, and because clear and sustainable reasons are needed to reject planning applications the balance of decision-making went, more often than not, to the retail developer" (Holt, op cit, p131-010).

A special issue of *Housing and Planning Review on Shopping* in June 1987 stated that current government policy provided little guidance on how local authorities should deal with pressures for large out-of-town retail developments. Most local authorities were very concerned about the effect of such developments on their own traditional town centres (Lavery, 1987). In the same publication the pressure for large scale retailing in the absence of any national policy or guidance was termed 'megastore madness' (Johnston, 1987).

However, from the mid-1980s government thinking began to show signs of changing because of the effect of the continuing growth of out-of-centre retail developments on the health of traditional centres. In 1986 the Secretary of State for the Environment issued Circular 21/86 which introduced the concept that large scale retail developments should be assessed on the basis of whether they could "seriously affect the vitality and viability of a nearby town centre as a whole". Subsequently Government policy was stated in the form of Planning Policy Guidance Note PPG6, Major Retail Development, in 1988 and DCPN13 was withdrawn. The original

version of PPG6 re-iterated the Secretary of State for the Environment's statement in July 1985 setting out the general principles of policy for large new retail developments quoted in Chapter 2 (DoE, January 1988).

The publication of PPG6 coincided with the height of a period of unprecedented pressure from large retail developments, and was seen as filling a policy vacuum. The 1988 guidance was criticised as being little more than a consolidation of ad hoc policy that emerged at a time when there was scant evidence of the effect of proposals for major retail developments (Roebuck and Goddard, 1993). A full appraisal of PPG6 is made in Chapter 5.

3.5 The 1990's : Towards a Balanced Approach

According to the BDP/OXIRM report the late 1980s and early 1990s were remarkable for the dramatic changes which occurred in the retail development process in Britain. The report states:

" The unprecedented wave of new out-of-town developments in the late 1980s, encompassing new retail parks, large regional shopping centres and individual stores has been followed in the early 1990s by one of the deepest and most protracted property crises since the Second World War (BDP/OXIRM, op cit, p154).

This contrast between economic growth and a buoyant retail sector in the 1980's and economic recession and a slow down in retail growth in the early 1990's was accompanied by changes in Government attitudes towards retail policy and the emergence of new types of retailing. The publication of PPG6 in 1988 together with the results of a series of inquiries into out-of-town shopping centres had the effect of reducing much of the speculative pressure for development. The need for a more 'balanced' approach to retail development was recognised. This concept of balance was seen by many to be necessary to safeguard established centres and at the same time allow new investment. For instance the final conclusion of research on the Metro Centre was that:

"there is a challenge to find a balance between new and old forms of shopping centres, which satisfy conflicting community and consumer demands" (Howard and Davies, 1993, p149).

Norris' research on retail impact assessment also recognised the need for common

sense and pragmatism in retail planning, reflecting the changing attitudes of the early 1990s (Norris, 1992).

In July 1993 the DoE issued a revised version of PPG6, replacing the guidance given in January 1988. It stressed the need for a suitable balance in providing for retail development between town centre and out-of-centre retail facilities, taking account of factors such as accessibility and effective competition between retailers that will benefit consumers generally.

There has been considerable debate among planners and the retail industry about the revised PPG6, which is referred to in Chapter 5. The need to strike a balance in retail development led to the House of Commons Environment Select Committee report on Shopping Centres and their Future in October 1994. In its evidence to the Committee the DoE stated that the revised policies of PPG6:

"do not represent a radical departure from previous planning policies but rather a rebalancing of priorities which recognise the importance of town centres: economically, socially and environmentally" (Environment Committee, 1994, p xx).

The Environment Committee report is very relevant to the approaches that will be taken to retail impact assessment in future years. The report notes that:

"There seems to be much anecdotal but little empirical evidence of the impact of the vast majority of retail developments." (Environment Committee, op cit, p xliv).

The DoE's evidence to the Committee acknowledges that there seems to be a general lack of research on retail impact, particularly into the impacts of cumulative out-of-town development on the vitality and viability of existing centres. The report recommends better guidance on the anticipated impacts of retail developments.

On superstores the Environment Committee recommends that more detailed guidance be issued to local authorities on the criteria and methods to be employed in carrying out impact studies into proposed developments. On retail warehouses it recommends that restrictions are placed on retail parks to prevent town centre comparison goods being sold out-of-town and that the advice given on this matter in PPG6 be strengthened.

The Government's response to 'Shopping Centres and their Future' agrees that there is a need for a greater awareness of the range of impacts of out-of-centre developments, including trade diversion (DoE, Feb 1995). A project to assess the impact of superstores on market towns and district centres was commissioned in 1995 but has not yet been published, and the DoE intend to commission further research on impact assessment.

PPG6 was revised again in June 1996, updating and replacing the earlier guidance. The policy implications of the new PPG6 are discussed in Chapter 5 but the key features of the guidance are as follows:

(1) on planning for town centres and retailing:

- emphasis on a plan-led approach to promoting development in town centres, both through policies and the identification of locations and sites for development
- emphasis on the sequential approach to selecting sites for development
- support for local centres

(2) on town centres:

- promotion of mixed-use development and retention of town centre uses
- emphasis on the importance of a coherent town centre parking strategy in maintaining urban vitality
- promotion of town centre management
- good urban design

(3) on assessment of retail proposals

- clarifying the 3 key tests for assessing retail developments: impact on vitality and viability of town centres; accessibility by a choice of means of transport; and impact on overall travel and car use
- how to assess out-of-centre developments, and
- how certain new types of retail development should be assessed (DoE, June 1996).

In a useful review of the future for town centres, Moss and Fellows present research findings on retail planning decisions affecting different types of retail developments in the early 1990s. The main points to be noted are as follows:

Superstores - Government policy has made it very difficult for new superstores to gain planning permissions in out-of-town locations and interest from food retailers is now focusing on town centres. Discount food stores are making significant inroads into local shopping provision.

Retail warehouses - Retail warehouses, particularly those selling bulky goods, are generally no longer considered a threat to town centre shopping. However there are concerns about very large, specialist out-of-town non-food developments and the cumulative effects of a number of out-of-town retailers.

Factory outlets centres - Studies so far suggest that the impact of factory outlets on existing centres is likely to be minimal, but evidence is based largely on experience in the USA which may turn out to be inappropriate in Britain.

Warehouse Clubs - Retail studies are limited but suggest that trade diversion from town centres is unlikely to be significant.

Regional Centres - Pressure for regional centres, which posed a major threat to town centres, has eased in the 1990s and government policy is likely to resist further developments of this type (Moss and Fellows, 1995).

3.6 Summary

The economic impact of superstores has been a major concern since the 1970s. Early studies showed that their impact was less severe than was first feared and more recent evidence continues to support this view. Retail warehouses initially did not give rise to impact issues, but there is greater concern about retail parks which do compete with established shopping centres. In the 1980s interest focused on large out-of-town regional centres, of which four are already trading. Meadowhall and Merry Hill in particular are having a significant impact on nearby centres.

Approaches to RIA have developed since the 1960s and early 1970s. The 1960s can be described as a 'decade of model development' when shopping models originally devised in the USA were applied in Britain, particularly in the context of sub-regional planning studies. Interest in modelling continued into the 1970s which was a 'decade of debate' about the pros and cons of out-of-centre retail development. Several post-hoc studies of superstore developments were carried out.

The 1980s was a 'decade of uncertainty' about the impact of large new retail developments at a time of rapid retail growth and a relaxation of Government policy constraints on retail development. From the mid-1980s, however, Government

policy began to change because of the effect of the continuing growth of out-of-centre retail developments on traditional shopping centres. PPG6 was introduced to enable the impact of large scale retail development to be assessed in relation to the vitality and viability of existing centres.

Economic recession and a slowdown in retail growth in the early 1990s were accompanied by changes in Government attitudes towards retail policy and the emergence of new types of retailing. The need for a more pragmatic approach was recognised to safeguard established centres but at the same time allow new investment. PPG6 (July 1993) stressed the need for a suitable balance in providing for retail development between town centres and out-of-centre retail facilities.

The latest version of PPG6 (June 1996) places the emphasis of Government policy firmly on sustaining and enhancing the vitality and vitality of town centres, and ensuring that new retail development is concentrated in town centres or edge-of-centre locations. Advice on assessing the impact of proposed retail developments continues to stress economic impact but, in line with the Government's sustainable development strategy, it also requires assessments to be made of accessibility and impact on travel and car use. The implications are that proposals for major retail development will have to be assessed more thoroughly and that a strong argument will be needed to justify new developments which are out-of-centre. Further detailed evaluation of the implications of the new PPG6 on the application of RIA is given in Chapter 11.

4. THE METHODOLOGY OF RETAIL IMPACT ASSESSMENT

In reviewing the context for this critical examination of the application of retail impact assessment, this thesis has so far considered various background issues and discussed the historical development of the approaches involved. This chapter aims to clarify the methodology that is currently applied in retail impact assessment to establish a 'baseline' for considering how the application of retail impact assessment could be improved. An overview of the methodology is followed by an evaluation of the approaches in terms of data and assumptions, a critical analysis of the methods used, and comments on the interpretation of impact. No specialist knowledge of quantitative analysis is assumed.

4.1 Understanding the Methodology

The assessment of retail impact is an area of urban planning which evokes many different reactions from planners, politicians, developers and Planning Inspectors. Attitudes vary from enthusiastic to uninterested, confused, sceptical and even antagonistic. Apart from those who are specialists in the field, there appears to be a lack of understanding among those involved in retail development about how RIA is carried out. Unfortunately this lack of understanding occurs among those who have a role in decision-making on retail development proposals, such as local authority officers and members, and Inspectors.

It is fair to say that RIA is generally not held in high regard, probably because of the unsatisfactory way in which it has been used in the past as well as because of the problem of lack of understanding. It has been described as 'arcane' and a 'black art'. Howard has said:

"Impact studies have become a particular kind of necromancy; gazing into the future and using spells, or formulae, to predict the shape of things to come, without even knowing a great deal about the present condition of the subject" (Howard, 1988, p1).

A comprehensive research study on retail impact assessment methodologies was carried out by Drivers Jonas for the Scottish Office (Drivers Jonas, 1992). Extensive reference is made to this study which deals very clearly with the main

issues inherent in the methodology. Information has also been obtained from planning consultants who are particularly active in the field of retail impact assessment. Direct approaches were made to consultants requesting examples of impact studies carried out. Those received, together with a good selection of impact studies that had already been collected in the course of my consultancy experience, add up to a considerable body of knowledge about the practical application of retail impact assessment. The consultants from whom impact studies have been collected are listed in Appendix 3.

To understand the methodology it is first necessary to know the requirements of decision-makers. In order to obtain a realistic prediction of the likely effects of a new retail development, decision-makers usually require:

- (i) a thorough examination of the existing retail situation, particularly on
 - shopping patterns, and
 - existing shopping centres
- (ii) a statistical analysis of the likely catchment area, turnover, trade draw and market share of the proposed development
- (iii) an assessment of the trade diversions expected as a result of the new development.

In addition, decision-makers require retail impact assessments to be accurate, reliable and impartial (Drivers Jonas, 1992).

These requirements are discussed in detail in this chapter. Drivers Jonas' analysis states that decision-makers are usually concerned with two principal issues:

- (1) the need or justification for a retail development
- (2) the likely effect which the development may have on the vitality and viability of established shopping centres.

A third issue, related to the second, is that of location; whether the proposal can be regarded as 'off-centre' or 'out-of-centre', or whether it will in effect form part of an existing centre and be supportive of its vitality and viability.

The way in which impact on the vitality and viability of established shopping

centres is assessed and interpreted is the central focus of this thesis. At this point, though, it is relevant to comment on the question of need and the importance of location. Planners are concerned with both quantitative and qualitative need.

Quantitative need for additional retail floorspace is often calculated by comparing shopping supply and demand in the form of existing retail floorspace (and estimated turnover) in an area and retail expenditure in the same area. An excess of expenditure, in the form of leakage of spending out of the area, is regarded as an opportunity for additional provision. Quantitative need can also be expressed as capacity for new development when demand and supply are used in forecasting future need. A growth in demand arising from population and expenditure growth up to the forecast year represents potential for new development. The current turnover estimate is subtracted from the forecast potential turnover estimate to provide an estimate of 'expenditure headroom'. Expenditure headroom is translated into 'floorspace capacity' by applying appropriate turnover to floorspace ratios. Estimates of turnover potential derived in this way are not very reliable because actual turnover may be higher than the level estimated. Such 'capacity studies' are often treated with scepticism because they take a very simplistic view of future shopping need.

Qualitative need is sometimes examined in retail studies, usually defined as a geographical gap in the distribution of facilities. Less commonly, planners are concerned with a deficiency in the quality of provision. Drivers Jonas' analysis showed that Reporters in Scotland deciding planning appeals usually place greater weight on subjective assessments of qualitative deficiencies in preference to calculations of demand and supply. In England and Wales there seems to be even less reliance by Inspectors on quantitative assessments of need (Drivers Jonas, op cit).

It is also important to consider the location of a proposed retail development and whether it will divert trade from or bring trade into the town in which it is sited. If the latter applies, the issue of 'impact' may not be relevant because the new proposal will be supportive of the town centre rather than in competition with it.

The question of location has been given added significance by the inclusion in the revised PPG6 of the 'sequential approach'. In some circumstances it may be that conventional impact-testing is not thought necessary at all, particularly in clear edge-of-centre situations. Here local policy may permit large retail developments anyway and even if not it may be taken for granted that there would be overall benefit.

4.2 Overview of the Approaches

A variety of approaches have been developed over the years to assess retail impact. The use of different methods depends on a number of factors, including:

- the type and scale of the development proposed eg foodstore, retail warehouse, regional shopping centre or factory outlets
- the type of area eg conurbation or rural area
- the availability of local data, and
- whether the analysis is being carried out before or after a new development has taken place.

It was also pointed out by one consultant that another factor is the client's budget for the assessment. Low resources would mean a broad-brush approach; abundant resources would mean a comprehensive approach including shopper/household surveys.

Three main approaches have been developed:

- (1) Post hoc studies of retail performance which attempt to draw a statistical picture of the trading patterns which emerge as a result of a new shopping development
- (2) Shopping models which use a mathematical formulation to reproduce existing trading patterns in a spatial system and assess the effects on expenditure flows of new retail developments
- (3) Predictive impact assessments (or 'a priori' studies) to determine the likely effects of proposed retail developments, either before a planning application is decided or to support an appeal against the refusal of planning permission for new

retail development. These are undertaken manually using a step-by-step approach.

There is as yet no universally accepted approach for assessing retail impact. In 1977, the Government's DCPN13 stated that it was not possible to recommend a uniform method for assessing the effects of new stores on existing centres. The previous version of PPG6 (July 1993) states that in assessing impact:

"It should rarely be necessary to attempt detailed calculations or forecasts of retail growth or of changes in the geographical distribution of retailing. Even small variations in assumptions about trends in turnover, population, expenditure and the efficiency of use of existing retail floorspace can lead to a wide range of forecasts".

This advice is no longer part of the latest guidance but the new PPG6 recommends the parties to adopt a broad approach to preparing assessments, and seek to agree data where possible and present information in a succinct and comparable form.

Post hoc Studies

The early retail impact studies carried out in the 1970s were post hoc studies, based on surveys of the trading effects of hypermarkets and superstores. Three principal kinds of survey were carried out:

- (1) Consumer questionnaire surveys conducted before and after a store opened
- (2) Consumer questionnaire surveys conducted only after a store or centre had been opened; people were asked to recall earlier patterns of shopping behaviour
- (3) Questionnaire surveys of retailers in the vicinity of a new development, either by postal or personal interview (or both) (Davies, 1984).

There have been criticisms of these post hoc studies. Kivell and Shaw (1980) thought that the empirical approach to post-hoc impact studies in the 1970s led to few firm conclusions. The studies adopted a weak methodology and were too case-specific. They recognised the need for a major review of the impact of superstores and hypermarkets on existing trade patterns, eg by assessing the various methodological frameworks and comparing the findings of different studies. Davies and Kirby also criticised the weak methodological base of the early research studies in Britain. For instance, they inferred that all retail changes were the direct result of

the new store but, of course, wider factors must also be considered. Perhaps the major weakness, however, was that these studies did not use a stated methodology and often their findings are incompatible (Davies and Kirby, 1980).

More recently post hoc studies have concentrated on the impact of the regional out-of-town shopping centres built in the 1980s. OXIRM have studied the Metro Centre and Meadowhall, while Roger Tym and Partners have studied the impact of the Merry Hill Centre. Howard cautions about using the lessons of earlier studies to apply to regional centres.

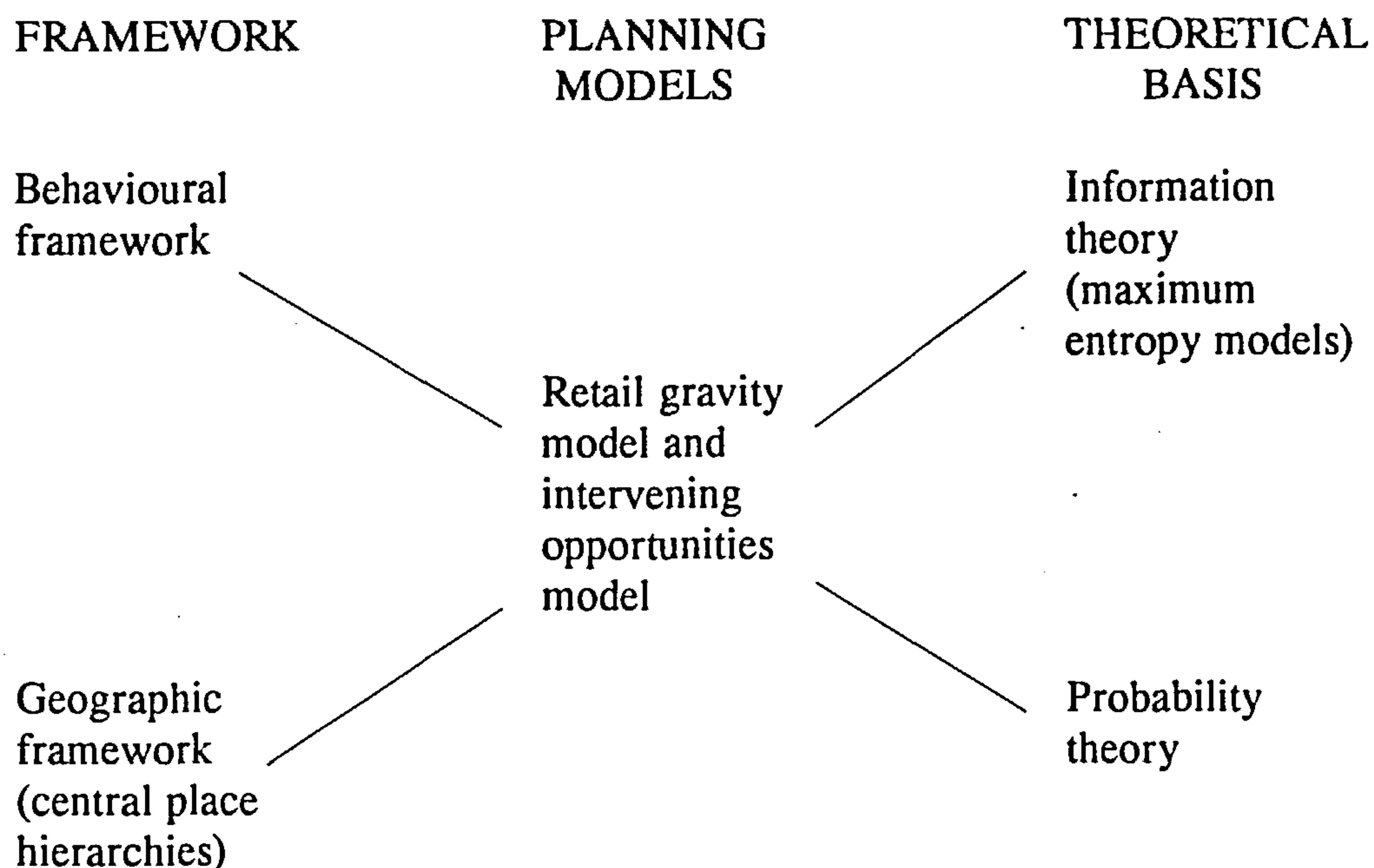
"Past practice and existing literature are not, or should not be taken as, a good guide to assessing the impact of a regional out-of-town shopping centre. Most past work has been concerned with single superstores, or perhaps a superstore plus a few smaller units" (Howard, 1986, p282).

Shopping Models

Chapter 3 reviews the historical development of shopping models in Britain during the 1960s and early 1970s. There are many reference sources on the mathematical formulation of shopping models and it is not appropriate in this thesis to include details of different models or their mathematical structure. However, comments are made on the application of such models for retail impact assessment. Five approaches to the development of shopping models in the 1960s were identified by Cordey-Hayes, as follows:

- (i) aggregation of individual behaviour
- (ii) central place theory
- (iii) retail gravity models
- (iv) the intervening opportunities model
- (v) maximum entropy models

These five approaches are not mutually exclusive and can complement each other in applications. The interdependencies between them can be arranged schematically, as shown overleaf (Cordey-Hayes, 1968).



The retail gravity model became the most widely used in theoretical and practical applications in Britain, particularly the version developed by Lakshmanan and Hansen in the USA, but other variations were also developed. Most retail location models were developed either;

- (a) in an academic context for exploratory research purposes, or
- (b) in an ad hoc way, often by local authority planning departments or planning consultants (URPI, 1986a).

Reviewing the use of shopping models, Guy observed that:

"Impact assessment relating to new retail developments became a major concern in British town planning at around the end of the 1960s but, as one public inquiry followed another, it became clear that apparently abstruse disagreements on matters such as zone size, choice of travel cost measure and methods of calibration could lead to radically different conclusions about the extent of the trading impact of new developments. Public inquiry Inspectors and participants became increasingly tired of such discussions. Eventually the Department of the Environment advised implicitly against the use of mathematical models in impact studies" (Guy, 1991, p191).

After the mid 1970s public sector concern over the potentially detrimental effects of new retail developments continued but methods of impact assessment reverted to 'step-by-step' analyses, which are discussed in detail in the next section. Guy (1991) considers that the most important development in the use of shopping models has been in the private sector. He notes that several major retail chains now use

models for forecasting both the turnover of proposed new stores and the impact of these stores upon existing stores operated by the same company.

The theoretical and operational problems of the retail gravity model have been reviewed by several writers, including Jensen-Butler (1972), Davies (1976), Kivell and Shaw (1980), and Batty (1985). These problems arise from the gravity theory proposition that trade will be drawn to a centre in direct proportion to its size and in inverse proportion to distance. The main problems can be summarised as follows:

- (1) The lack of a theoretical base: the model attempts to generalise about individual behaviour from aggregate empirical data
- (2) It is an equilibrium model which can only allocate given certain static conditions; shopping behaviour is not static
- (3) Choosing the input variables for the attraction and deterrence functions:
 - attraction can be based on retail sales or floorspace
 - deterrence can be based on time or distance
- (4) Choosing the areal units:
 - the size, shape and number of zones
 - the overall spatial limits to the study area
- (5) Calibration: finding appropriate values for the parameters
- (6) Prediction of the future size of centres, population, expenditure, etc.

The major problem relates to the calibration of shopping models. Research on the complexities of calibration has been undertaken by a number of academics, notably Batty and Saether (1972), Openshaw (1973), and Guy (1991). The difficulty lies in the lack of data on observed expenditure flows within the retail system. Openshaw notes that:

"Generally it is possible to fit a model after a fashion to any empirical data but unless notice is taken of its statistical validity, the results may be totally meaningless" (Openshaw, 1973, p370).

He concluded that no satisfactory shopping model calibration can be made when the trip pattern is not known. It is necessary, therefore, to collect shopping trip data, preferably by undertaking a diary survey of all shopping trips made by a household.

The models produced in the 1960s were very crude and were often inappropriate simplifications. Four major criticisms emerged:

- (1) Theory was at an extremely low level
- (2) The data required by the theory were often unavailable, and sometimes not measurable, and this meant further arbitrary simplification when models were constructed
- (3) the models often posed computational problems, of size and solution
- (4) What could be theorised about and what could then be modelled often did not match the precise requirements of the planners and policy makers (Batty, 1985).

The early shopping models attempted to describe forces of interaction between zones and centres. They did not formally predict future shopping patterns nor capacities, but provided a quantitative analytical base from which to predict by projecting the exogenous variables. In modelling incremental growth from an existing distribution of centres, they had some value in indicating the volume of sales that could reasonably be expected. But it was recognised at the time that many theoretical and practical improvements needed to be made (England, 1970).

Further developments in shopping models occurred in the 1970s. URPI developed a 'hierarchical' shopping model, SHOP, which combined central place and spatial interaction theories within a hierarchical structure of retail sectors and trading areas. Then in the 1980s a new generation of shopping model was introduced as a logical successor to SHOP. The MARKETS model uses a 'more realistic' method of predicting expenditure patterns and allows the user more scope to apply detailed knowledge of a local area. The user determines each centre's trade area by specifying the range of shops and shopping centres with which each zone is permitted to interact in the model. The allocation of expenditure from a particular zone is restricted to a limited number of shops and centres (URPI, 1986a).

Drivers Jonas' review of shopping models comments on the disadvantage of the time taken to calibrate the MARKETS model and the need for survey data on existing shopping patterns to enable the model to be calibrated accurately. It also notes that MARKETS is not intended for use in modelling different types of trip,

and that it deals only with shopping trips originating from a shopper's home location.

"For all its limitations, the MARKETS model and similar gravity-based models are a useful reminder that the turnover of existing and planned shopping centres must be related to available spending within the catchment area and also inter-related between centres. The turnover potential of one new development will be limited initially by the continued turnover demands of existing facilities and subsequently by any other new developments taking place in the system. Thus turnover estimates for new developments ought to take account of other commitments, proposals or developments under construction, as well as the total amount of money available in the catchment area" (Drivers Jonas, 1992, p77).

Predictive Impact Assessments

As the use of shopping models has diminished since the 1970s, there has been a development of manual approaches to retail impact assessment based on a series of steps in the prediction of impact. Usually the calculations are carried out manually or with the assistance of a spreadsheet, though some consultants have devised computer software for the purpose of estimating existing expenditure flows and then calculating the trade diversion caused by a new store introduced into the system. The 'conventional market share approach' according to Guy (1987) assumes that consumer expenditure is fixed and that new stores simply lead to a redistribution of this expenditure.

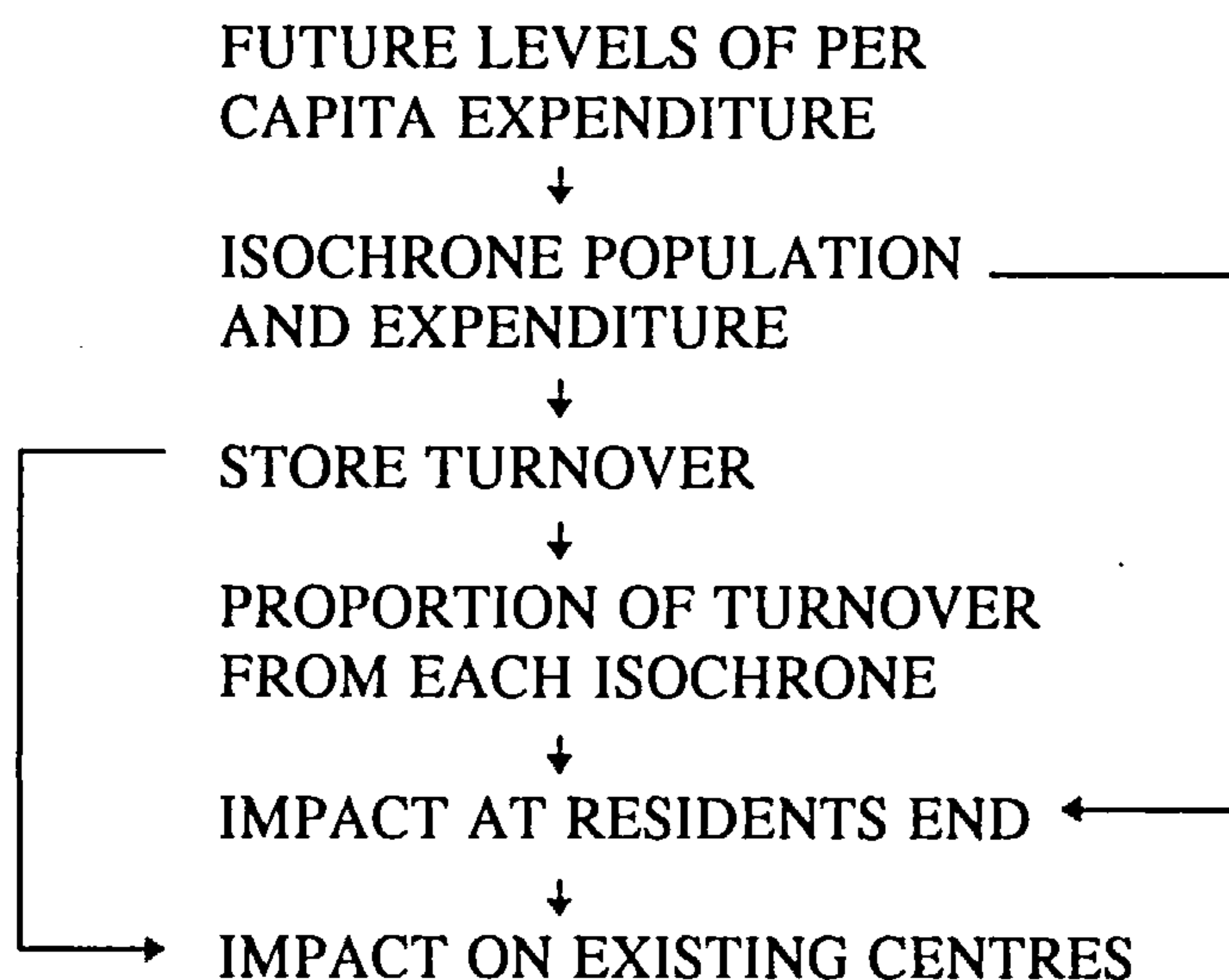
Current applications of the step-by-step approach have developed from the method applied in Gloucestershire by Breheny et al (1981). Faced with a Savacentre hypermarket inquiry at Barnwood, Gloucester in 1979:

"A method was devised which attempted to combine the realism of the pragmatic approaches and the supposed rigour of the modelling efforts" (Breheny, Green and Roberts, 1981, p461). "Essentially the procedure was based around a set of steps assembled from the guidelines in DCPN13, and the approaches adopted by other local authorities, plus a certain amount of innovation. The steps were:

- (1) determine future levels of available expenditure per capita*
- (2) apply estimates of expenditure to forecast population in each isochrone; this gives total available expenditure*
- (3) determine likely turnover of store*
- (4) determine proportion of turnover coming from customers living in set isochrones from the store*
- (5) for each isochrone, to take the share of turnover coming from that isochrone as a percentage of total available expenditure in that isochrone*
- (6) determine where the expenditure 'captured' by the new store would be spent*

alternatively; this gives an assessment of the impact on existing or planned centres " (Breheny, Green and Roberts, op cit, p464).

The sequential nature of the approach is shown by the authors in the diagram below:



Of these six sequential steps, two were regarded as being of crucial importance:

- (a) calculation of store turnover
- (b) impact of the proposal on existing centres (Roberts, 1982).

In the last decade the step-by-step approach has been further refined and different consultants have developed their own variations of the approach. An outline of the main steps in the methodology is presented below, noting some of the variations that have been observed from the information obtained from consultants.

Steps in the Methodology

Drivers Jonas' review lists six steps or stages in the approach to retail impact assessment which represent a 'common methodology', as follows:

- "(i) *identify catchment or study area*
- (ii) *estimate expenditure within catchment area*
- (iii) *estimate turnover of existing shopping centres*
- (iv) *estimate turnover of new retail proposal*
- (v) *estimate the amount of spending in each existing centre which will be diverted to make up the new store's turnover, and the locational*

- source of that spending*
- (vi) *express the amount of diverted trade from each shopping centre as a percentage of the estimated pre-impact turnover of that centre.*

Very few methods do not involve all six of these stages, although variations in approach to some of the stages mean that the 'running order' may vary. Inevitably the disagreements as to how to calculate impact generally arise towards the end of the process, usually from stage (iv) onwards" (Drivers Jonas, 1992, p60).

Simplifying the 'traditional' step-by-step approach into its key elements, the following main steps can be identified in the methodology of retail impact assessment:

STEP 1 Definition of the catchment area of the proposed development

It is conventional to define the primary catchment area of the proposed development, that is the area from which the store or centres will draw the vast majority of its trade. Ideally information should be obtained from a household survey to show existing shopping patterns in the area, but often data on shopping patterns is not available. The catchment area may be sub-divided into drive time isochrones, and isochrones may be further sub-divided into zones for greater spatial accuracy in assessing impact.

STEP 2 Expenditure estimates

Existing expenditure in the catchment area, or the spending power of residents, is derived from population and per capita expenditure in the base year projected to a design year, usually two years after the expected opening date of the new development. If isochrones or zones are used, generated expenditure is produced for each isochrone/zone. Expenditure is divided into convenience and comparison sectors, either by goods type or business type.

STEP 3 Turnover of existing centres

Information must be obtained on existing shopping centres and stores in the area, including retail floorspace, again distinguishing between convenience and

comparison shopping. Appropriate turnover/floorspace ratios are then applied to estimate existing turnover, based on observed trading performance and typical company averages.

STEP 4 Turnover of proposed development

The turnover of the proposal is normally estimated on the basis of the trading performance of similar stores elsewhere and the trading potential of the catchment area.

STEP 5 Assessment of trade draw

It is necessary to estimate the source of the turnover of the new store in terms of its draw from residents in different parts of the catchment area, usually isochrones. Inflows and outflows must also be considered; some spending will be lost as leakage out of the primary catchment area, and some turnover will come from outside the primary catchment area. Some consultants use the concept of 'market penetration' to estimate the likely share of total trade that a particular type of store could achieve based on experience elsewhere.

STEP 6 Estimate of trade diversion

Knowing from which areas the trade is likely to be drawn, the amount of trade diverted to the new store can then be represented as a trade loss from existing stores, taking into account any clawback of leakage. Trade diversion is expressed as a percentage of the turnover of existing centres in the design year, and some consultants also assess the residual turnover of centres after trade loss has taken place. Cumulative impact may also have to be considered.

STEP 7 Implications of trade diversion

It is important to assess the ability of affected centres to withstand impact in terms of the effect on their vitality and viability, and the effects on future investment.

This is a qualitative rather than quantitative element of the assessment, but it is extremely important in making a professional judgement about retail impact. The final planning decision on a proposed development will often be based on this qualitative judgement.

Norris, who has carried out detailed research into the application of retail impact assessment in relation to regional shopping centres, concludes that the *"simple and transparent 'step-by-step manual approach still provides the most appropriate framework for improving on the existing impact methodologies"*.

Using this framework, he put forward

"a common-sense and pragmatic approach to the impact problem ... which encourages the use of reasonable and robust assumptions, and attempts to reduce the level of professional 'bias' involved at each stage of the analysis" (Norris, op cit).

Although this approach was developed for application to regional centres, it is generally applicable to all types of shopping development.

Norris has put forward a 'refined quantitative approach' to the assessment of 'need' and 'impact' in which he sets out the main steps in the methodology and a number of suggested changes to bring about improvements, as shown below:

MAIN STEPS IN THE METHODOLOGY	SUGGESTED CHANGES TO THE METHODOLOGY
Delineation of catchment area	no change
Population estimates	no change
Expenditure per capita estimates	no change
Expenditure growth forecast	test a range of assumptions
Base year turnover estimate	no change
New commitments	need for greater agreement at pre-inquiry meetings
Floorspace 'efficiency' growth	test a range of assumptions

Design year turnover estimate	need for greater agreement at pre-inquiry meetings
'Need' assessment	need to give greater weight to qualitative assessment
Determination of centre/store turnover)
Determination of centre trade draw) triangulation method
Trade diversion)
Impact Forecast	interactive method
	need to adopt a consistent approach which compares like with like

The two key elements of the assessment of impact inherent in Norris' approach are

- (a) the determination of turnover and trade draw, and
- (b) the determination of trade diversion.

Norris suggests a 'triangulation method' in which the sensitivity of the turnover and trade draw estimates can be tested using 3 different control mechanisms:

Step 1 - use the conventional 'disaggregate' approach based on average retail company turnovers

Step 2 - estimate the market share which the store could be expected to take

Step 3 - analyse the socio-economic characteristics of the catchment.

In determining trade diversion, he recommends detailed household surveys to build up an expenditure flow matrix, and suggests an 'interactive method' which *"combines the transparency and simplicity of the manual model with the greater flexibility and rigour of the gravity model"* (Norris, op cit).

Like other recent advice on impact assessment methods, Norris advocates an approach to the assessment of regional centre proposals which synthesises quantitative and qualitative methods. He recommends a broad assessment of the vitality and viability of centres that may be affected, then a more detailed assessment of the most vulnerable centres following the quantitative assessment of need and impact.

4.3 Evaluation of Approaches

Data and Assumptions

This section evaluates the approaches to retail impact assessment in terms of the data and assumptions inherent in applying the methodology. It follows the main steps in the methodology outlined in section 4.2, drawing largely on the Drivers Jonas' review of methodology, inspection of a wide range of impact studies produced by consultants, and my own experience of carrying out impact studies. The lessons learned from this evaluation are highlighted in Chapter 11 on Best Practice.

Catchment Areas

The concept of a 'catchment area' is quite different from an arbitrary 'study area'. It implies the definition of an area within which shopping patterns are known, based on information about shoppers' behaviour. There are two ways of determining a catchment area:

(1) using household survey data to establish where people shop, usually distinguishing between main food shopping, top-up food shopping, and non-food or comparison shopping. It is conventional to define the primary catchment area from which most trade (usually about 80 per cent) will be drawn and the secondary catchment area which is wider and includes more distant trips.

(2) defining isochrones at 5 or 10 minute intervals from the location of the proposed development. Isochrones are useful because there is evidence from post hoc studies to show the typical percentages of trade drawn from different time bands for different sizes and types of store.

In practice, it is quite common for a primary catchment area to be defined initially on the basis of isochrones but then modified to take account of the overlapping catchments of competing centres. In other words, the definition of the catchment for a proposed development should be as realistic as possible in the particular local circumstances. Although the determination of a primary catchment area is essential

to provide the spatial system for quantitative analysis, the precise demarcation of boundaries is not critical as long as data for the demand side (expenditure) and supply side (turnover) of the analysis are compiled for the same geographical area.

In simple applications it is possible to regard the catchment area of a proposal as one spatial unit, though it is usual to define isochrones in order to assess trade draw from different time bands. For more complex proposals in urban areas, one can adopt a more detailed approach, subdividing the catchment area into sub-areas which are based on isochrones disaggregated into smaller zones to give a more accurate representation of shopping trip patterns and facilitate the distribution of trade draw.

Expenditure

Expenditure in the catchment area (and sub-areas) is calculated by multiplying the population by a figure of expenditure per head. Population for the base year is generally available from Census-based figures for small areas, and population projections for the design year can be obtained from local authorities, although there can sometimes be problems in estimating future populations for areas below the level of local authority districts. It is best to use local authority forecasts for small areas (wards or parishes) if possible because they reflect the actual distribution of new housing in the area, rather than assuming that it is spread evenly.

Estimates and projections of per capita expenditure are much more problematical, and this is often an area of debate and disagreement between parties in assessing the impact of a proposed development. The starting point is usually to take a base figure of per capita expenditure available from URPI, either as the national average figures updated annually in URPI's Information Briefs or (preferably) by obtaining from URPI a copy of the special Illumine report for a defined local area eg local authority district or aggregations of wards. The Illumine local expenditure data has the advantage that it takes account of the local socio-economic circumstances of the catchment area, which is important in areas which are likely to deviate from typical national average socio-economic conditions eg areas of high unemployment.

Handling per capita expenditure data involves two major problems:

- (1) the choice between goods-based and business-based figures, and
- (2) the choice of the most appropriate growth rate to apply to project expenditure in the design year.

It was conventional until quite recently to use expenditure figures defined by goods type. Therefore, one would adopt the URPI figure for per capita expenditure on convenience or comparison goods as the most reliable basis for calculating the demand side of the impact assessment. Some consultants, however, are now in favour of using expenditure by business type. Business-based figures, which are also available from URPI, have been adjusted so that they represent spending in convenience or comparison businesses, rather than on those particular goods. The distinction may seem trivial but in practice it has significant ramifications for the impact assessment. For instance, a superstore is a convenience business but it will sell some comparison as well as convenience goods. If goods-based convenience expenditure figures are being used, the turnover of the store must be adjusted to exclude the comparison goods element of the total turnover, otherwise the demand and supply side definitions will be inconsistent.

Use of expenditure by business type has the advantage that it simplifies the impact analysis by removing the need to adjust the figures to exclude comparison goods floorspace and turnover. But the use of business-based estimates raises the additional problem mentioned above - it affects the growth rate that should be applied to forecast future expenditure. Business-based estimates imply higher growth rates than those for goods-based expenditure. The reason is that food retailers have diversified increasingly into non-food goods and have thus been able to benefit from the more rapid growth of comparison goods expenditure. It will become increasingly necessary to distinguish between convenience and comparison goods floorspace because of the trend towards the sale of non-food items in supermarkets.

Long term growth rates for goods-based and business-based per capita expenditure

are shown below (Source: URPI).

Long term growth in per capita expenditure, 1976-1993 (per cent per annum)		
	goods-based	business-based
Convenience	0.44%	1.75%
Comparison	4.20%	3.95%

There is not a great difference between the figures for comparison goods and comparison businesses, but for convenience goods and businesses the differences in the growth are quite significant. The application of the goods-based rate over a five year forecasting period would produce a 2.2% overall growth, but the application of the business-based rate would result in a 9.1% overall growth. The choice of goods or business base, then, could have an important bearing on the capacity of the retail market to accommodate additional development without adverse impact on existing shops. One could suspect that the choice of the higher-growth business-based forecasts by some consultants acting for clients seeking to promote new development is not surprising. For this reason it may be advisable to make expenditure forecasts, particularly when dealing with a superstore proposal, using both goods-based and business-based figures, treating them as a range of forecasts.

Another decision to be made in projecting expenditure is to select the most suitable trend in past expenditure growth to use as the basis for the future projection. For both goods-based and business-based projections, URPI provide data on short term, medium term, long term and ultra long term trends.

A further complication in any expenditure analysis is the need to adjust the figures to exclude 'special forms of trading' such as mail order and automatic vending machines. This represents about 1% of expenditure on convenience goods and 8% on comparison goods. Best practice advice on expenditure projections is given in Chapter 11.

Turnover of Existing Centres

Estimating the turnover of existing centres has been difficult since the demise of the Census of Distribution, last held in 1971. Sparks has described the demise of the Census of Distribution in Great Britain as a disaster for local authority planners, retailers, developers and academics alike.

“The hypocrisy of a government issuing planning guidance suggesting the key questions are vitality, viability and impact, but then denying the need to collect data to answer such questions is breathtaking” (Sparks, 1996, p93).

During the 1970s and even into the 1980s it was common for consultants to estimate turnover by trying to update the 1971 Census of Distribution figures, but it is no longer acceptable to do so. A number of suggestions have been made for estimating retail turnover. For instance, Guy (1984) attempted to estimate the retail turnover of shopping centres in Cardiff by examining the relationships between convenience trade (based on survey data), number of visits to a store, and the store's sales area.

The most common method of estimating turnover, however, is to apply ratios of turnover/floorspace to the observed floorspace of individual stores or to the aggregate floorspace of different categories of shop. The method can be quite successful if accurate floorspace data is available and if one has confidence in the turnover/floorspace ratios to be applied. For larger stores, such as superstores and multiple comparison goods retailers, annual company reports give details of turnover and floorspace. URPI regularly publish details of average turnovers per sq foot for the leading retailers, and there are other sources eg Retail Rankings. The main requirements, therefore, in estimating the turnover of a centre are to:

- (a) obtain a reliable measurement of net floorspace for the major retailers and for smaller shops by type of shop

- (b) make a judgement about whether the centre in question is trading above or below average performance, and decide on appropriate figures of turnover per sq foot (or sq metre)

- (c) apply the turnover/floorspace ratios in as disaggregated a way as possible.

By this means a reasonably accurate picture should be built up of existing turnover. The exercise should be carried out as part of the essential task of assessing the existing performance of all shopping centres in the catchment area. It requires a qualitative as well as quantitative approach to assess the vitality and viability of each centre. Where household survey information is available on shopping patterns it may be possible to estimate the turnover of existing centres and large stores on the basis of their market shares of retail expenditure in the survey area. This method can be very reliable if used with care, and its practical application is discussed in Chapter 11 in recommending best practice in RIA methodology.

Turnover of a new retail proposal

"The turnover of any proposed store is the single most important variable in assessing its impact" (Roberts, 1982, p9).

Turnover is the product of two variables: the number of transactions and the average sum spent by each customer. The simplest approach, according to Roberts (1982), is to try and relate turnover to the population within the catchment of the store. The likely turnover is very much dependent upon the level and distribution of the population it has been located to serve. Drivers Jonas (1982) also advise that the turnover of a proposed new store should be made with reference to the characteristics of the catchment area eg population density and available expenditure, as well as by consulting published statistics on the performance of various retailers.

The use of company averages is an important reference point, but the figures are averages and there is very considerable variation in the performance of individual stores within the same chain. The use of figures for similar stores can also lead to problems because there are inconsistencies in the published figures eg in the treatment of VAT and petrol sales at superstores. Sometimes, for the purposes of a planning inquiry, a developer or major retailer will put forward their own 'accurate' estimate of a new store's turnover. There is a natural tendency for a developer or retailer to argue for a lower level of potential turnover than the local planning authority. But, even if the developer and local planning authority are able to agree on potential turnover, Howard (1986) notes that evidence given in public

inquiries on the level of turnover expected to be generated has not proved to be a reliable guide to subsequent actual turnover. A good example of this is in Noel's case study of the proposed Tesco superstore development at Neasden, which opened in 1985. He shows that the consultants for Brent Council and for Tesco both underestimated the store's turnover compared with surveys carried out by the Greater London Council after the store opened (Noel, 1989).

Trade Draw

'Trade draw' is the proportion of the estimated turnover of a proposed store which is derived from the catchment area and subdivisions of it. The trade drawn is normally expressed as percentages of the estimated generated spending from each isochrone and from outside the primary catchment area. The concept of 'market penetration' is sometimes used to represent the percentage of a store's turnover drawn from a particular isochrone. The concept of 'market share' is also commonly used to represent a store's turnover as a percentage of spending in the primary catchment as a whole. The balance of trade draw between isochrones is one of the most difficult steps in the assessment and it requires assumptions to be made based on experience.

In assessing trade draw it is necessary to look at retention levels and leakage. The retention level of an existing centre is calculated as the turnover of that centre expressed as a proportion of the available retail expenditure in the catchment area. This gives a net figure, ignoring flows of expenditure out of or into the catchment area. A retention level of more than 100% indicates a net inflow of expenditure and can be taken as evidence of a centre which is drawing trade from a wide area, typically a sub-regional centre. A retention level of less than 100% indicates a net outflow and is typical of a small town centre or a district centre in a catchment area where there is leakage to a larger town or city centre nearby.

Leakage of spending from a primary catchment area may be an important issue in looking at the impact of a proposed new development. A new superstore, for instance, may have the effect of considerably reducing leakage out of the area. It is usual in carrying out impact assessments to assume that a new development will

result in clawback of some of the spending that is currently lost as leakage. This can also be a sensitive issue in assessing impact because trade that is derived from clawback has the effect of reducing the amount of trade that is diverted from existing centres within the catchment area. It is, therefore, in the interests of the promoter of a new development to argue that it will result in a significant amount of clawback.

Trade Diversion

Trade diversion from existing centres is the crucial and most contentious element of impact assessment. It is contentious because it involves a considerable amount of judgement (Roberts, 1982).

"The 'science' of retail impact analysis rapidly transforms into subjective assessment at this stage in the process" (Drivers Jonas, 1992, p77).

Percentage trade diversion is usually based on subjective judgements taking account of existing shopping patterns. One approach is to assume that each store or centre will retain its 'trade share' after loss of trade to a new development, but this is too simplistic. It is more reliable to use a flow matrix to represent flows of expenditure between zones (within isochrones) and centres in the base year and project this matrix forward to the design year allowing for increases in expenditure and turnover. The estimated turnovers for each centre are used as the denominators in the subsequent calculation of percentage impacts. The proposal is then superimposed on the flow matrix and the estimated trade draw of the proposed store in terms of expenditure from each zone is then subtracted from the expenditure flows. The resulting zonal totals show the reduced turnover available in each centre, and the difference between the 'before impact' and 'after impact' turnovers represents trade diversion from each centre, expressed in percentage terms. The practical application of this matrix approach is covered in detail in Chapter 11.

This zonal method also enables cumulative impact to be assessed. Each proposal can be assessed individually, and they can be combined to show their cumulative effects. It is conventional in such cases to allow for a reduced turnover for the new stores because they will compete with each as well as with existing centres. In addition to percentage trade diversion, it is usually important to consider the

residual turnover of shopping centres and make a judgement about whether the level of residual turnover is adequate to maintain the viability of a centre.

Critical Analysis

Deficiencies in Approaches

A frequent criticism of retail impact assessment in the past has been the lack of consistency in the methods used at planning inquiries. There are still deficiencies in the methods used and the key deficiencies were pointed out by Drivers Jonas in their review of the methodologies, as follows:

- (i) lack of analysis of current shopping patterns and the strengths and weaknesses of existing centres
- (ii) lack of explanation of assumptions in apportioning trade diversion
- (iii) lack of attempt to establish a relationship between available expenditure and potential turnover
- (iv) limited interpretation of impact estimates
- (v) insufficient attention given to residual turnover and the level of reliance of a shopping centre on a particular type of shopping trip
- (vi) assumptions about likely store closures are often unjustified
- (vii) lack of detailed examination of the functional relationship between a new retail development and existing centres
- (viii) disputes about data which can undermine confidence in retail impact assessment and often can be avoided through negotiation (Drivers Jonas, op cit).

"Retail impact assessments should be accurate with limited sensitivity, thorough, consistent and capable of agreement between parties. Local planning authorities should make available to consultants all data held by the authority which is likely to be of assistance to the consultant in undertaking a retail impact assessment" (Drivers Jonas, op cit, p ix).

Data Availability

The Drivers Jonas review notes that the availability of population and expenditure information does not generally give rise to problems, but there is a lack of comprehensive information relating to retail floorspace, turnover and local shopping

patterns. These problems have arisen largely because of the cancellation of the 1981 Census of Distribution. There is now no locally based information on shops or shopping centres, including turnover, floorspace and retail employment. The main data deficiencies according to Wade (1983) are:

- (a) local estimates of retail turnover, and
- (b) local estimates of floorspace.

The Census of Distribution was replaced by an annual Retail Inquiry which started in 1976 based on a sample of retail businesses. But from 1981 it has become a biennial full inquiry with a much smaller survey collected in the intervening years. It does not provide the range of information previously available from the Census of Distribution. Most crucially, it does not provide area statistics due to the sample nature of the inquiry, and to the business not retail outlets being the reporting unit (Dawson and Sparks, 1986).

Shopping Surveys

The lack of local data, at least on shopping patterns, can be overcome by carrying out surveys. There are two kinds of surveys of shopping patterns; shopping centre or street surveys, and household surveys. There are many examples of the use of both types of survey. For instance, Robson (1987) carried out a local survey of shopping habits and opinions in eight centres in North London. Data derived in each of the centres were related back to home address, enabling catchment areas to be drawn for each centre. Sherman and Dossett (1995) carried out a county-wide survey of retail capacity, shopping patterns and customer desires in Cheshire in 1994. The survey showed how it is possible to gain significantly more information about shopping behaviour by surveying at the sub-regional rather than local level. Parsons and Sherman (1994) recommend ongoing monitoring of activity patterns through regularly updated surveys to provide an understanding of how the retail system works as the best rational basis for policy. Valuable advice on designing and undertaking store and street interview surveys is provided by URPI in Information Briefs 90/8 and 91/2. Guidance is given on obtaining a balanced sample of responses. The use of household surveys in particular is highlighted in Chapter 11 on best practice in the application of RIA.

Accuracy

One of the key requirements of the quantitative assessment of impact is accuracy.

"This requirement relates not merely to the correct use and application of data such as expenditure per head and population, but also the assumptions made regarding shoppers' behaviour. There are strong reasons for the use of surveys to investigate existing shopping patterns as a basis for predicting future change" (Drivers Jonas, op cit, p119).

Data problems and assumptions can raise doubts about the accuracy of the results of retail impact assessment. The results are very sensitive to statistical uncertainty. McCallum (1995) points out that retail impact assessments should not lay claim to an accuracy that cannot be justified and more weight should be given to the assessment of existing town centres. Guy also makes useful comments about the accuracy of methods:

"The accuracy of any forecasting method is limited by the degree of truth in its assumptions about human behaviour and by the quality of the data used. The worse the assumptions or data, the less merit there is in precise 'calibration' or in overcomplexity of method. The most useful type of method is one where the results are simple in character, relatively insensitive to minor variations in assumptions or data, and capable of being produced quickly once the basic data have been assembled. The main advantage of this type of method is not in the 'accuracy' of its forecasts but in its ability to be used in comparing alternative proposals from a consistent standpoint" (Guy, 1977, p501).

Impartiality

In addition to criticisms of the accuracy and reliability of impact studies, Noel (1989) comments that they usually fail the test of objectivity because they are prepared by a planning authority who have to defend a refusal of planning permission at appeal, or by a consultant representing a developer/retailer who will seek to argue that the proposal will not have a significantly damaging impact.

"Accordingly there is considerable room for assessing the accuracy and reliability of impact appraisals in an impartial manner" (Noel, 1989, p14).

It is important that a retail impact assessment should have the confidence of those who will rely on its conclusions in order to make planning decisions. The Drivers Jonas review states that the greater the level of agreement between the parties as to the input data which is to be used, the less will be the scope for manipulation of

results.

"The most common areas of dispute are on the levels of trade draw from different sectors or drive-time bands, turnover of the proposed development, turnover of existing centres, and the relative proportions of trade likely to be diverted from each centre. If disagreement can be narrowed down to the very last stage of trade diversion estimates ... the dispute then focuses primarily upon the subjective judgements which inevitably have to be made regarding the relative attractiveness of centres, their exposure to competition, and the likely changes in shoppers' behaviour (Drivers Jonas, op cit, p110).

Cumulative Impact

Government advice in PPG6 refers to the need to consider the cumulative impact of recent and proposed retail developments. Often it is necessary to take account of committed proposals, that is stores which have been permitted but not yet built, or at appeals to assess the impact of several proposed stores. The most common approach is to total the combined estimated turnover of the new proposals and then apply a discount to that total because competition between them will reduce each one's turnover potential. One consultant has indicated that when assessing cumulative impact, if two stores are being developed, their impact on each other would reduce the combined turnover to no more than 85% of the stand-alone turnover; if three stores are being developed, turnover levels would be no more than a maximum of about 75% of the stand-alone turnover.

Sectoral Analysis

Retail impact assessments tend to focus on particular sectors of the retail market rather than on retail trade as a whole. In assessing the impact of a supermarket, for instance, the analysis will usually be carried out in terms of convenience trade only. The percentage trade diversion will be in terms of convenience trade not total of the centre. But Drivers Jonas acknowledge that this approach can give a misleading impression. The overall impact on a centre, especially one with an important comparison shopping role, will be much less than the impact on convenience trade only. In practice, although it is necessary to assess impact separately for convenience and comparison shopping, in some situations it is advisable to also consider the overall impact in terms of total trade.

Most impact assessments are carried out for foodstore proposals - supermarkets and superstores. The question arises whether the methods that have been developed and

used for foodstores can be applied to non-food retail developments. The differences in approaches for different types of retail development are discussed in Chapter 8.

Interpretation of Impact

The figures produced by quantitative impact assessments in themselves mean very little. It is the effects on actual patterns of trade that are important in planning terms (Noel, 1990). Professional judgement must be applied, particular in dealing with impact issues at inquiries. Inspectors will attach more weight to the interpretation of the figures than to the figures themselves.

Drivers Jonas list a number of key factors which should be examined when interpreting the results of a retail impact assessment, in order to establish whether there is a serious risk of failure of an existing shopping centre or threat to its function. The key factors are:

Existing Conditions

- the role of the centre
- how is the centre performing
- is it improving or declining

The Effects of the New Development

- implications of the levels of residual turnover
- threats to any vital 'anchor' retailers
- prospects for re-letting if there are closures or vacancies
- effects on committed developments or future investment
- trading impact on the centre as a whole, ie. total trade
- role of other (non-retail) uses in the vitality of the centre
- location of the proposed development in relation to the centre
- provision of new community facilities in the new development
- prospects of improvements in other shops to remain competitive
- prospects of an overall improvement in the range and quality of shopping facilities (Drivers Jonas, op cit).

Interpreting the significance of a percentage impact on a particular centre is very difficult. For a long time local authority tended to apply a 'ten per cent rule', that if the impact of a proposed development was more than a 10% trade diversion it was considered unacceptable. It is generally true to say that single-figure impact are

usually regarded as acceptable by local authorities and Inspectors, though there are some notable exceptions where appeals have been dismissed in situations where the predicted was below 10% but there were concerns about the vitality and viability of the centre in question. Double-figure trade diversions are always a cause for concern, especially if the figures are over 20%. In such cases consultants will claim that the centre is over-trading or is sufficiently strong to withstand such an impact. Hence the importance of considering a wide range of quantitative and qualitative factors in interpreting impact. In Chapter 8 a detailed assessment is made of the significance of trade diversion figures and the way that they are interpreted by Inspectors. Residual turnover is usually given less attention than percentage trade diversion in making planning decisions but it is an important indicator of the post-impact viability of a centre (Drivers Jonas, op cit).

The same review by Drivers Jonas also states that there appears to be very little evidence to show a causal relationship between the opening of new retail developments and closures of existing shops except where existing retailers relocate into a new development. There may be time-lags before the effects of trading impact are manifested in closures or vacancies. Independent traders may continue to operate even though their business is not viable, or retailers may operate under long leases that discourage them from closing unprofitable branches in town centres until the end of their lease period. This is a point recognised in PPG6, hence the advice that in assessing impact it is essential that the local authority takes a long-term view.

The revised PPG6 also, for the first time, specifies the factors to be considered in assessing applications for retail development which may have an impact on a nearby town, district or local centre. These are as follows:

- *the extent to which developments would put at risk the strategy for the town centre, taking account of progress being made on its implementation, in particular through public investment*
- *the likely effect on future private sector investment needed to safeguard the vitality and viability of that centre*
- *changes to the quality, attractiveness and character of the centre, and to its role in the economic and social life of the community*
- *changes to the physical condition of the centre*
- *changes to the range of services that the centre will continue to provide, and*
- *likely increases in the number of vacant properties in the primary retail area.*

(DoE, June 1996, paragraph 4.3).

This list is similar to the key factors listed above which were identified by Drivers Jonas, and it is helpful to those involved in assessing retail impact by clarifying how the quantitative analysis of impact should be interpreted using qualitative factors. PPG6 notes that the information collected on the health of town centres using indicators of vitality and viability should help in undertaking such an assessment.

Alternative Methodologies

Interest in predictive impact assessments has tended to shift from purely economic aspects of trading impact on existing retailers to consider the wider implications of impact, such as traffic and environmental issues. These wider issues were assessed by Rogers (1979) in a study on Peterborough. He recognised that impact analysis needs a more comprehensive framework which covers not only effects on traders but also impacts on consumer behaviour and choice, travel patterns and traffic flows. He suggested an evaluative framework for use in the assessment of retail development proposals which emphasises that trade-offs must take place between the likely costs and benefits of a retail development proposal and recognises the significance of local area characteristics in determining the patterns and scope of impacts.

Rogers' research concluded that there are six major parameters of impact, five of which relate to the characteristics of the trade area estimated for the new store:

- (1) the characteristics of the proposed shopping development
- (2) the characteristics of the existing retail structure, particularly competing stores and centres
- (3) the relationship between consumer demand and the existing retail structure
- (4) the density and distribution of population around the proposed development location
- (5) trade area population characteristics
- (6) distance of the proposed development from existing stores and the quality

of road communications serving the location.

More recently, planners have looked increasingly at the qualitative issues of retail impact, particularly because of changes in government policy embodied in PPG6 and PPG13. The Government's response to the Environment Select Committee on Shopping Centres and Their Future (February 1995) says that there is a need for a much greater awareness of the range of impacts of out-of-centre developments, not only trade diversion. It states:

"Government planning policy ... emphasises the need for a broader assessment framework covering economic, social and environmental considerations. Such a framework, incorporating information on the impact on retailing, travel, access and on the environment, is needed to assess all major retail schemes".

As yet no alternative approaches to impact assessment have been proposed but the revised PPG6 reflects the need for a broader approach in stating that the three key tests for assessing retail developments are:

- impact on the vitality and viability of town centres
- accessibility by a choice of means of transport, and
- impact on overall travel and car use.

Chapter 11 of this thesis recommends how the conventional methodology should be improved to allow for the assessment of wider issues of retail impact.

4.4 Summary

There is a general lack of understanding in the planning field about the methodology of retail impact assessment and how it should be applied in practice. In dealing with proposals for new retail development, decision-makers are concerned with quantitative and qualitative need, and the location of the development, as well as its impact on existing centres.

Three main approaches have been developed over the years to assess retail impact: post hoc studies, shopping models, and predictive impact assessments. Post hoc studies of the trading effects of retail developments using questionnaire surveys were common in the 1970s on early superstore developments. Shopping models

were widely used in Britain in the 1960s and early 1970s but they were beset by theoretical and operational problems, particularly concerned with calibration. Further developments in shopping models took place in the 1970s, notably by URPI.

As the use of models has diminished since the 1970s, step-by-step approaches have been increasingly used to carry out predictive impact assessments. In the last decade the step-by-step method has been refined. A fairly common methodology is now used by consultants, but with some variations. There are six main steps:

- (1) Definition of the catchment area of the proposed development and subareas based on isochrones and zones.
- (2) Estimation of expenditure based on population and per capita expenditure for the base year and projections for the design year - either by goods type or business type.
- (3) Estimation of the turnover of existing centres by applying turnover/floorspace ratios to retail floorspace data
- (4) Estimation of the turnover of the proposed development
- (5) Assessment of trade draw from within the catchment area and beyond
- (6) Estimation of percentage trade diversion and (sometimes) residual turnover.

An evaluation has been made of the data and assumptions involved. It is particularly important to:

- make careful use of expenditure data and projections
- estimate the turnover of the proposed development accurately
- use appropriate assumptions on trade draw
- consider residual turnover as well as percentage trade diversion, and
- assess the ability of centres to withstand trade loss.

A critical analysis of the methodology indicates:

- deficiencies in the approaches
- problems of data availability
- the value of shopping survey data
- the requirement for accuracy and impartiality in the assessment
- the need to consider cumulative impact
- the relevance of assessing overall impact as well as sectoral analysis.

In the past the emphasis of approaches to RIA was on the quantitative assessment of impact. However, it is no longer appropriate simply to assess impact in quantitative terms; there also needs to be a qualitative assessment of the implications of trade diversion. The results of any quantitative impact assessment must be subject to careful interpretation, using professional judgement. The key factors to be considered are the existing conditions of the shopping centre and the effects of the new development itself. Interpreting the significance of a percentage impact on a particular centre is very difficult, and one cannot realistically apply a simple rule-of-thumb such as the 'ten per cent rule'.

Government guidance in the form of PPG6 now explicitly recognises that the impact of a proposed development must be judged against the health of the shopping centres that are likely to be affected, and advice is given on factors to be considered. However, there is still no clear guidance on how retail impact should be assessed in practice. Although economic impact remains of paramount importance, it is becoming increasingly necessary in the light of Government policy to give more priority to transport and environmental factors in addition to economic issues. Specific recommendations are made on best practice in the application of RIA in the current policy context in Chapter 11.

5. POLICY CONTEXT

The early chapters of this thesis have sought to review and explain the background to retail impact assessment in terms of the nature of impact, the use of RIA in planning, and the relevance of historical factors in the development of current approaches to the application of RIA. This was followed by an overview of the technical approaches used and a detailed evaluation of the methodology. In this chapter the policy context is examined. Comments are made about retail planning in relation to planning theory and the role of the planning system in the retail market. Theoretical issues and concepts in retail development, and their influence on retail policy, are then discussed. Current Government policy on retailing, which has shown some significant recent changes, is analysed. Particular attention is given to the concepts of vitality and viability. Finally, an assessment is made of Government advice to local authorities on retail development which is fundamental to issues of retail impact.

5.1 Retailing in the Context of Planning Theory

A vast body of literature confronts any student or researcher attempting to comprehend planning theory. In this thesis the critical examination of retail impact assessment is placed in its policy context, which itself is intimately bound up with planning theory. Approaches to retail impact assessment have evolved in parallel with the development of planning theory over the past 30 years. The concern with the relationship between theory and policy is important because as the ideology of planning theory has developed, different stages of planning thought have produced different responses in terms of planning practice.

Although it is not the purpose of this chapter to present a comprehensive review of planning theory, a brief outline is necessary to give an overall perspective to the relationship between theory, policy and practice. Four 'traditions' of planning theory have been put forward as models of the role of planning.

(1) Planning as Social Reform

This tradition focuses on the role of the state in societal guidance and regards planning as 'scientific endeavour' (Friedmann, 1987). It led to quantitative approaches such as models for urban and regional analysis.

(2) Planning as Policy Analysis

Here the planner's role is that of policy analyst, drawing on 'procedural planning theory' and its developments. Policy analysts are 'social engineers'. Based on systems theory, policy analysis is focused on decisions. This was a characteristically American concept and only rose to prominence in Britain in the 1970s, as the 'rational decision model' (Healey, 1991a).

(3) Planning as Social Learning

This tradition focuses on overcoming the contradictions between theory and practice, or knowing and acting. Knowledge is derived from experience and validated in practice. Existing understanding (theory) is enriched with lessons drawn from experience and the 'new' understanding is then applied in the continuing process of action and change. Social learning involves people-centred, community approaches (Friedmann, op cit). The planner has the role of intermediary, liaising with different agencies and trying to reconcile the conflicting aspirations of different groups in society (Healey, op cit).

(4) Planning as Social Mobilisation

From the viewpoint of Marxist ideology, planning is seen as a form of politics which asserts the primacy of direct collective action 'from below'. People who have no social power of their own can expect to bring about change only when they act collectively (Friedmann, op cit). This tradition originates from utopianism and the socialist movement which influenced early planning thought. But Healey (op cit) comments that the role of the planner in social mobilisation then becomes inseparable from that of the politician.

Traditional Origins of Physical Planning

Until the 1960s planning was dominated by the physical design professions of architecture, engineering and surveying. The idea of planning theory was imported in the 1960s from North America (Hague, 1991). Before this time

"town planning was seen as being concerned with an attempt to formulate the principles that should guide society in creating a civilised physical background for human life. It rapidly came to be seen solely as a question of land use, layout and physical design" (Willis, 1980, p1).

Batty noted that:

"planning problems were treated as design problems, and design problems were largely problems of physical form dominated by questions of efficiency and aesthetics" (Batty, 1985, p104).

The urban design model assumed planning was carried out by technical experts, with the planner acting as urban development manager. From this early perspective of the nature of physical planning, Foley (1973) suggested 3 propositions of the main ideologies of British town planning:

- (1) Town planning's main task is to reconcile competing claims for the use of limited land so as to provide a consistent, balanced and orderly arrangement of land uses.
- (2) Town planning's central function is to provide a good (or better) physical environment for the promotion of a healthy and civilised life.
- (3) Town planning, as part of a broader social perspective, is responsible for providing the physical basis for better community life.

Rational Planning

By the early 1970s planning had

"changed direction from a concern purely with the physical environment and towards intentionally rational, comprehensive planning; away from a primarily practice-orientated profession towards greater reliance on theoretical understanding; and away from the domination of planning by architects and engineers towards the social science disciplines" (Faludi, 1973).

Faludi defined planning as the application of scientific method to policy-making. He distinguished between:

- normative theory which is concerned with how planners ought to proceed rationally, and
- positive or behavioural approaches which focus more on the limitations of rational action.

"Urban planning ... finally threw off its craft image in the early 1960s and embraced the new formal rationality through a systems approach" (Batty, 1985, p100).

Batty has termed this movement as 'social engineering', reflecting a realisation that urban planning should consider social and economic processes as well as just physical issues. He commented that:

"The urban theory considered important by planners was largely positive knowledge, in contrast to the planning process which was regarded as a normative activity. In short, it was never felt that planning even as a technical activity was subject to the same political and social pressures as other forms of decision-making (Batty, 1985, p106).

The purpose of planning as a comprehensive rational process was to help society and individuals to achieve their goals. Planning work focused on the processes and methods by which goals were translated into objectives and alternative courses of action defined. Some people linked planning as a rational decision process with the idea of regions and urban areas as integrated systems of social and economic activity. The objective of planning then became the design of 'control systems' to guide urban and regional change.

The development of what came to be known as procedural planning theory, rooted in general systems theory, became a vogue in the late 1960s and early 1970s (Hague, 1991). The promotion of the systems approach towards rational planning was perhaps best advocated by McLoughlin who saw the need for a fundamental reorientation in both the conceptual basis and the practical operations of planning. The position at the start of the 1960s was one of rapid evolution in the development of theories of human locational behaviour. Emphasis was shifting rapidly away from earlier static equilibrium notions which made little attempt to offer

behavioural explanations (McLoughlin, 1969).

McLoughlin stated that:

“Planning seeks to regulate or control the activity of individuals and groups in such a way as to minimise the bad effects which may arise and to promote better ‘performance’ of the physical environment in accordance with a set of broad aims and more specific objectives set out in a plan” (McLoughlin, 1969, p59).

In the rational decision model the planning process becomes a series of steps or phases in a cycle, as follows:

1. Formulation of goals and objectives
2. Identification of possible courses of action
3. Evaluation of alternatives
4. Decision-making
5. Implementation of action, and
6. Review of performance

Healey (1983) noted that by the early 1980s rational method and plan-based action were being treated with considerable scepticism among planning practitioners. However, this is likely to be a reflection of the contemporary political climate, with a shift towards what Healey calls a 'promotional and developmental stance in land-use policy'. Although the rational viewpoint is no longer widely accepted, it is argued later in this chapter that there is still considerable relevance in the adoption of a rational planning approach to decisions on shopping issues.

Neo-Marxist Ideology

Neo-Marxist planning theory developed in the 1970s. The neo-Marxist viewpoint criticised the available literature on urban planning theory on the grounds that urban planning was treated as an abstract analytical concept, and that it was normative, problem-solving and idealist/utopian. The urban planning process was regarded as a social and historical phenomenon within urbanised capitalised society (Scott and Roweis, 1977).

From the Marxist perspective the role of planning in contemporary society can only

be understood by recognizing the structure of modern capitalism as it relates to the physical environment. It is argued that the fundamental social and economic institutions of capitalist society serve the interests of capital at the expense of the rest of society. Public ownership and centralised planning would replace existing market and political decision processes. Marxists have been highly critical of traditional planning theory and practice. Planners' attempts to employ scientific techniques and professional expertise are seen as helping legitimise state action in the interests of capital by casting it in terms of the public interest, neutral professionalism, and scientific rationality (Klosterman, 1985).

Free Market Ideology

At the start of the 1980s there was a reaction against rational decision-making, the dominant tradition of the 1970s. The rise of the New Right gave free market ideas a new currency (Hague, 1991). Planning in the 1980s was subject to increasing centralisation of planning powers and the encouragement of private enterprise. Sorensen and Day (1981) pointed out that in the social sciences, and particularly economics, there has always been an intellectual right wing tradition stressing freedom of the individual, the benefits of both market forces and entrepreneurship, the role of law, and the perils of bureaucratic control of the economy and society. They claim this libertarian perspective has been largely ignored by urban planners. Libertarian or free market planning argues that the market is in the best position to judge what society wants. The planner would only intervene to express the public interest. This view envisages a shift in perspective involving a greater emphasis on free choice and market determination in contrast to the increasing levels of planning control characteristic of the 1960s and 1970s. It implies a significant reduction in government control including detailed planning control.

This free market ideology is critical of normative theory on the basis that:

- planning, unlike other professions, is not a natural component of a market economy: it is largely a creation of government
- political power and bureaucracy cannot ensure optimal welfare for society.

The ideology maintains that public sector decision-making must generally be impoverished when compared to market mechanisms (Sorensen, 1983). Free market ideology argues that the market system is inherently a better method for satisfying human wants and aspirations than recourse to Government. The intellectual basis for this doctrine comes from market theory and public choice. Public choice concentrates upon the problems and limitations of the democratic political process. Public choice theory represents the application of economic methodology to the study of politics (Self, 1993). Public choice theorists model the study of politics on the methods and assumptions of neo-classical market economics. Originally developed in the USA, the basic assumptions of public choice theory are of self-interest and rationality. The ideology seeks to limit state intervention and liberate market forces eg through privatisation. In Britain these ideas were strongly pushed by the Thatcher Government. Public choice theory has contributed to attempts to control bureaucracy. In Britain in the 1980s, for instance, Conservative Governments mounted successive assaults upon the traditional role of local government.

Public choice theory has had an influence on policy towards retailing in Britain, as shown by the laissez-faire attitude of the early to mid 1980s. Hague notes that the free market ideology of the 1980s has run its course and the new vogue will be for mechanisms which operate in a market framework but with a stronger measure of public accountability (Hague, 1991). However, free market thinking has not disappeared entirely. A recent paper from the Institute of Economic Affairs argues against further regulation of retailing which is an efficient and innovative industry. The argument is that if people want to shop for bulky items in more convenient locations than the traditional High Street, they should be able to do so wherever possible.

“The central policy question of the moment concerns the use of the planning process to limit out-of-town or edge-of-town development to situations where the would-be retailer is able to prove that the new superstore will have no impact on local shopping centres. Such a rule favours the existing edge-of-town retailers...and the larger multiple retailers who, unlike their smaller competitors, have the resources to hire the necessary experts to challenge planning decisions” (Burke and Shackleton, 1996, p89).

Pragmatic Approaches

The route along which planning theory has developed into the 1980s has shown a divergence of views and it appears that no clear conceptual framework has yet been proposed to replace the procedural planning theory of the systems approach. A number of ways forward have been suggested. Healey (1992a), for instance, advocates what she terms 'communicative rationality' or 'planning by debate' using principles of logic and scientifically formulated empirical knowledge to guide actions.

"This new conception of reasoning is arrived at by an inter-subjective effort at mutual understanding which refocuses the practices of planning" (Healey, op cit).

Breheny and Hooper (1985) state that the recent history of public policy-making, particularly planning, shows a distinct move away from supposedly 'rational' approaches towards a reliance upon more pragmatic procedures. They refer to the 'troubled theory-practice debate in planning since the 1960s':

"To many planning theorists the hope has been that the disappearance of the procedural model would mean a move from a mechanistic or repressive mode of planning to something much more enlightened, open and progressive. We might expect, then, that the movement away from this technical model might make planning less 'controversial' and less 'mundane'. Unfortunately the opposite appears to have happened, at least in Britain. Planning has become increasingly pragmatic, less open to scrutiny, more conservative, and more susceptible to 'private government' " (Breheny and Hooper, 1985, p14).

Breheny has elaborated on the widening gap between planning theorists and practitioners. His view is that the theorists have been excessively abstract in their work, have ignored planning practice and have failed to offer any prescriptive advice to practitioners. Practitioners, on the other hand, have continued to lack any sustained critical assessment of their own activities and have lapsed into an 'insular pragmatism'. The result has been theory which has become increasingly useless and practice which has become increasingly devoid of intellectual credibility (Breheny, 1983)

The radical changes which have occurred both in planning theory and practice since the 1970s involve a combination of two themes, according to Batty. Firstly,

"Planning theory has undergone a revolution from a concern for process to one for product, from a concern for means to one for ends, from a concern for positive knowledge to one for normative knowledge, and from a concern for realism to one for idealism". And secondly,

"Changes in planning practice where a concern for comprehensive strategic thinking has given way to pragmatic short-term responses. In this, formal rationality, which in its clearest expression was embodied in the systems approach, has all but disappeared" (Batty, 1985, p118).

The 1980s also saw the growing popularity of pragmatism in the social sciences in the form of post-modernism. Post-modernism has influenced planning through the use of neo-vernacular architectural style in new development, including retail stores and shopping malls. Ideologically, it reflects a cultural trend towards nostalgia, heritage, gentrification, consumerism and individualism.

"The retreat of planning research, education and practice into narrowly defined 'practical' land use planning may be a professionally defensive response to a hostile government, but in the end it only intensifies its role in legitimising the actions of private capital and the development industry" (Punter, 1988, p26).

5.2 Intervention of Planners in the Retail Market

The preceding section has reviewed the theoretical context for planning over recent decades. The analysis now focuses on the implications of this theoretical context for retail planning and particularly for policy decisions on retail development. Friedmann has put forward a number of general characteristics of planning. Among these are the statements that:

- planning is concerned with making decisions and informing actions in ways that are socially rational
- planning is meant to serve a public purpose eg undertaking public investment or restraining private sector actions to safeguard the well-being of the population at large (Friedmann, 1987).

"Land use planning is concerned with government intervention in the private land-development process. The purpose of this intervention is to achieve particular social, economic and physical outcomes by the control of land development. Decisions, usually in the form of policies, are implemented by the process of development control" (Breheny, 1983, p106).

Guy considers that there are three reasons for planners to intervene in the retail market:

- (1) to improve the efficiency of its operation
- (2) where the operation of an uncontrolled market is likely to lead to inequities in the level of service to the local population
- (3) where a retail development proposal may have 'external' effects which can be:
 - positive eg new investment or environmental improvements, or
 - negative eg traffic, visual intrusion, or competitive impact.

The planner's role is seen as regulating development, largely by prohibiting or modifying proposals which would cause harm to interests of acknowledged importance and accepting proposals that do not cause such harm (Guy, 1994b). The application of this regulatory role is the underlying theme of this thesis.

According to Kivell and Shaw, intervention in the retail market is generally justified by planning authorities on one or more of the following grounds:

- "(1) The retail case - it is desirable to restrain free market forces in order to prevent an excessive number of shops and in order to promote an optimum mix and range in any location.*
- (2) The urban case - the arrangement and location of shopping facilities exerts a strong influence upon other facilities and upon urban form in general.*
- (3) The social planning case - in the distribution of shopping facilities, as with other resources, planners have taken responsibility for ensuring that all sections of the community are adequately served.*
- (4) The environment case - the planner endeavours to separate, or reconcile, non-conforming land use activities and minimise the adverse environmental impact of new development "* (Kivell and Shaw, 1980).

These arguments clearly reflect the main components of the dominant ideology of the planning profession ie the search for order in the urban system and for balance between land uses and between retail centres, with the aim of serving the 'public interest'.

"Planners seem slow to recognize, and provide for, the fact that separate groups of consumers derive different benefits from different locational arrangements" (Kivell and Shaw, op cit, p145).

Planners have traditionally been discouraged from taking social and economic factors into consideration in formulating policies and making development control decisions. But social and economic issues are central to retail planning since retailing is a form of social service and also contributes substantially to the local economy of every town or city (Gibbs, 1987).

Gibbs believes that the scope of planning is particularly confused in relation to retailing. She states that:

"The prevailing attitude of the planning profession towards retailing is inherently conservative. Planners, and local authorities in general, are philosophically and financially committed to a centralised, hierarchical structure of retailing; a commitment which is further reinforced by the statutes" (Gibbs, op cit, p15).

The position has shifted since the 1980s, however, through changes in government policy, as shown later in this chapter.

From 1990 there has been evidence of a drawing back from the extremes of market-led ideology.

"There would appear to be a consensus that the development of land should continue to be controlled through the medium of plans prepared by democratically elected bodies within the framework of broad policy guidelines set by local government, with the teeth of such a system being the power to refuse planning permission for development subject to appeal to a higher authority" (Holt, 1996).

5.3 Theoretical Issues and Concepts in Retail Development

Relevance of Theory to Retail Planning

What has the influence of planning theory been on the policy context for retail planning? It is clear that planning policy towards retailing has been determined by political and economic changes, notably:

- political resistance to new forms of shopping in the 1970s
- rapid economic growth in the 1980s and a relaxation in government policy towards out-of centre development
- economic recession in the 1990s and new controls over retail development outside town centres.

Retail impact assessment developed out of the new ideas of procedural planning theory and social engineering in the 1960s. Like planning theory itself, approaches have changed over the last 30 years. RIA is essentially an aid to decision-making and, therefore, the rational decision model remains particularly relevant. But approaches to RIA have become less theoretical and more pragmatic in response to the requirements of the planning system in Britain. For the purposes of advising decision-makers on development proposals, the planning process expects decisions to be soundly based and justified.

Neo-Marxist ideology has never been a significant influence on retail planning because it is fundamentally opposed to the capitalist system which underlies the retail development process. During the 1980s free market ideology briefly influenced retail planning in relaxing government policy towards out-of-centre development, but on the whole issues of retail impact imply a degree of government intervention over the operation of the retail market.

In the 1990s, planning has taken a more pragmatic approach. Some commentators are critical of this trend but it does offer the benefits of being policy-orientated. The current government policy regime, enshrined in PPG6, seeks to regulate the location of new retail development. It restrains free market forces and introduces environmental as well as economic factors into decisions on major shopping development. RIA is concerned primarily with the economic effects of shopping development, derived from the rational decision model, but with increasing emphasis being placed on environmental impacts in the public interest. It will be shown in Chapter 11 in advising on Best Practice that it is quite possible to take a pragmatic approach to retail impact assessment but still retain a rational, theoretical basis for making planning decisions.

Models of the Development Process

A number of approaches or models of the development process have been developed which are relevant to this discussion of theoretical issues and concepts in retail development. Healey (1991b) looks at the development process from the point

of view of 'institutional analysis' of the role of the various actors and interests involved. She suggests that approaches to the study of the development process can be made from 4 different perspectives:

- (1) The estate management approach or 'event-sequence models' in which the development process is presented descriptively through a series of 'stages' or 'events'.
- (2) The behavioural social science approach or 'agency models' in which attention is focused on 'actors' or 'agents' in the development process and their inter-relationships.
- (3) The neo-classical approach, in which development is 'driven' by considerations of rent potential and calculations of yields from development.
- (4) The political economy approach which examines broader structural influences and sees landowners as a separate class in opposition to both capitalists and workers.

The first three approaches represent different ways of developing the analysis of actors and institutions. The fourth approach focuses on forces which organise the relationships of the development process, grounded in urban political economy. According to Guy, in practical terms, it appears most sensible to view the neo-classical and political economy approaches as providing a broad understanding of the forces that drive development in capitalist societies. The two viewpoints, although generally in opposition, can both offer important insights into property development (Guy, 1994).

(1) Event-Sequence Models

These models describe the various stages that occur when a development takes place. The main stages are:

- | | |
|----------------|--|
| Evaluation | - site finding, feasibility, development appraisal, etc |
| Preparation | - financing, site acquisition, design and costing, and
obtaining planning permission |
| Implementation | - construction of the project |
| Disposal | - letting the completed development and managing the
development or selling it on (Guy, 1994b). |

Healey has criticised event-sequence models on the grounds that they are descriptive rather than explanatory and states that empirical evidence shows that there is no standard sequence of events for a development project (Healey, 1991b). The main characteristic that distinguishes retail development from other types is the need to lease units to tenants before a shopping centre is opened for trading, rather than building 'speculative' developments. An illustration of an event-sequence model of retail development is as follows (Dawson, 1983):

Decision to initiate a scheme	market surveys, market research, site survey, decision to proceed?
Planning phase	exploratory planning (feasibility), preliminary planning, (finance, tenant mix, design), final planning (details)
Construction phase	
Opening phase	

(2) Agency Models

Agency models concentrate on the various types of 'actor' (person, company or institution) involved in the development process. This approach is useful in drawing attention to the contributions from both private and public sector agencies that are necessary for development to take place. The key 'actors' are landowners, financial institutions, planners, building contractors and occupiers, together with developers and their professional advisers. Of these, financial institutions, planners and occupiers have wide-ranging and complex effects upon development decisions. These effects are of vital importance in the retail development process (Guy, op cit).

In retail development two 'agency' models are common;

- (i) development by the ultimate retailers, either of a free-standing store, or of a small centre in which the retailer concerned has a major unit.
- (ii) organisation of the scheme by a developer, with retailers acting as tenants. The 'developer' may be a specialist property development company, a financial

institution or a public agency.

(3) Neo-Classical Economic Approach

Studies of retail location have been based on economic theory. The neo-classical approach focuses on the price mechanism. Prices are related to factors of demand and supply, and the land market acts as a forum for buyers and sellers, attempting to establish an equilibrium in which demand matches supply (Guy, op cit).

(4) Political Economy Approach

Based on Marxist economics, the political economy approach places the study of the land market within an analysis of the struggle between groups for the control of the surplus generated in production (Healey, 1992c). Landlords use their monopoly power to limit access to land. Capital can be invested in a plot of land to increase its rent-bearing capacity, and this is the key to the whole notion of property development. It allows landowners to make profits from development and gives landlords control over rent levels, thus increasing their monopoly power (Guy, op cit).

Normative Spatial Models

Approaches to the analysis of shopping behaviour have developed through normative spatial models which seek to explain how the retail system is structured, and provide a theoretical framework for urban retailing. Alternative normative models have been derived from central place theory and from general interaction theory.

The origins of central place theory in the work of Christaller in the 1930s are very familiar to those involved in retail planning and do not need to be described in this thesis. Gibbs summarises the background:

"As the planning profession developed in the post-war period, a spatial framework for retailing was sought which satisfied the dominant ideology of the profession, in other words, to achieve in the 'public interest' a balanced and orderly arrangement of land uses. The theoretical basis for such a structure was to be found in Christaller's Central Place Theory. Christaller established a model of the

distribution of 'central places'. This model consisted of a five-tier hierarchy of central places in an hexagonal arrangement, each tier comprising successively fewer, larger centres offering a more comprehensive range of goods. The model was the epitome of the balanced, orderly arrangement which the planners favoured" (Gibbs, 1987, p9).

Planners' persistent use of the retail hierarchy as the spatial framework for planning has been the subject of much criticism.

"It is argued that consumers will not necessarily be 'rational' in their choice of centre and thereby conform to the implied assumption of the model by shopping at the nearest centre retailing the goods which they wish to purchase. Indeed, this assumption is increasingly less likely to be upheld given the greater mobility of consumers resulting from the rising level of car ownership. Increased mobility enables consumers to be more discriminating in their choice of centre and take into account the quality and range of shopping provision within each centre as well as its proximity" (Gibbs, 1987, p12).

General (or spatial) interaction theory offers an alternative normative model to explain behavioural interaction. It forms the basis for the shopping models already referred to in Chapters 3 and 4. General interaction theory became popular in the 1960s as a practical framework for testing the consequences of alternative policy proposals. Criticisms have been made of the theoretical basis and practical operations of shopping models. However, general interaction theory allows for a much greater variability in the directions of consumer movements, whereas central place theory dictates that consumers will always visit the nearest centre to them which offers their required goods. Central place theory and general interaction theory are essentially macro-theories for describing and explaining the broad relationships between a system of centres and their trade areas (Davies, 1976).

The Distribution of Retailing

The distribution of retailing can be analysed at two levels of spatial aggregation: inter- and intra-urban. There have been numerous classifications of retail centres in Britain at the inter-urban level. One of the most recent and most relevant to this thesis is that of Hillier Parker (1996) who have produced a simple method of ranking shopping centres by giving each centre a score according to its number of non-food multiple branches. The presence of key multiples is regarded as a good

indicator of retail potential. Originally compiled for 1984, the results have been updated for 1989 and 1995. The hierarchy of centres for 1995 is as follows:

	number of centres	multiple count
London West End	1	252
Metropolitan	6	131-174
Regional	165	35-115
District	686	3-34

The six Metropolitan centres are the large provincial centres of Glasgow, Manchester, Birmingham, Edinburgh, Leeds and Nottingham. The Regional centres are those which offer a substantial range of comparison shopping, and typically contain at least one department store and several variety stores. The District centres offer a much reduced range of durable shopping, with perhaps one variety store, and cater for the regular weekly shopping trip. The 1995 rankings include the four existing out-of-town regional centres, all of which are of 'regional' status - Lakeside (33), Meadowhall (39), Metro Centre (56) and Merry Hill (61).

At the intra-urban level, attention focuses on analysis of the pattern of shopping centres by size and function. Bromley and Thomas summarise the traditional pattern in Britain and how it has changed in recent decades.

"Until as recently as the mid-1960s the retail system of British cities had a traditional hierarchical structure. Characteristically, this focused on the central business district, which provided the largest concentration of the most specialised high-order goods and services for the surrounding urban region. This was complemented by a relatively small number of local town centres or district centres offering primarily a strong convenience-goods shopping function and a secondary range of comparison goods for specific sectors of the city. At the lowest level, a large number of small neighbourhood centres and corner shops provided a narrow range of convenience goods for the immediate residential population. From the planning perspective this system was considered capable of providing retail services efficiently for the vast majority of the urban population."

Since the mid-1960s, however, suburbanisation and counter-urbanisation, increasing affluence, rising levels of car ownership and increased female participation in formal employment have allowed and in some cases necessitated the development of new patterns of shopping behaviour. Combined with the demands of consumers for an increasingly specialised and sophisticated range of goods and

services, and associated changes in the economic organisation of the retail industry, these changes have instigated a transformation in the character of the urban retail system" (Bromley and Thomas, 1993, p6).

Retail innovation has added new forms of development that are examined closely in this thesis:

- superstores
- retail warehouses
- retail warehouse parks
- sub-regional and regional shopping centres
- factory outlet centres

The validity of the classical theories of retail location has been weakened by the fundamental changes that have taken place in British retailing since the 1960s. Schiller acknowledges that by the late 1980s the pressure for decentralisation had 'won through'. He cites three types of evidence of retailing change:

- property evidence, in the form of shop rents and values; a rise in shop yields in many highly valued town centre positions and rental growth in these shops at a lower level than would otherwise be expected
- evidence of retailers' behaviour ie a move towards out-of-town locations by prominent town centre retailers such as Marks and Spencer, and the John Lewis Partnership
- evidence of new shopping centre proposals with the trend towards out-of-town schemes and regional centres (Schiller in Dawson, Gransby and Schiller, 1988).

In the same review of the changing High Street, Gransby comments on the implications of recent trends on the distribution of retailing:

"No longer do the simple geographic models for retail location hold good. They have to be refined to take account of the different types of shop and the different but complementary services they perform. The hierarchical structure, so popular with planning authorities, which was derived from geographical research, is now out of touch with the demands and habits of the modern shopper. It ignores and seems to refute the fragmentation of shopping into different functional sectors, each providing a different product range within a different space and having different operational requirements, but with complementary functions" (Gransby in Dawson, Gransby and Schiller, 1988).

The broad categories identified are:

- 1. off-centre food-based superstores
- 2. non-food superstores
- 3. the corner shop or local parade or district centre
- 4. the quality High Street of the late 20th century

Guy provides a useful typology of the various forms of retail development related to their location (Guy, 1994b).

<u>Location</u>	<u>Retail Status</u>	
	<i>Unplanned</i>	<i>Planned</i>
Town or City Centre	Traditional High Street	Infill or Shopping Mall
Inner Suburban	Retail Ribbon,	Infill or District Centre
Outer Suburban	-	Free-standing or District Centre
Edge-of-Town	-	Free-standing or District Centre or Shopping Mall

'Unplanned' retail areas evolved in a gradual and/or piecemeal manner, often through conversion of buildings originally designed for some other purpose. Most central shopping areas of towns and cities in Western Europe comprise mainly unplanned retailing. 'Planned' retailing is deliberately developed in a co-ordinated manner for retail use, taking the form of a freestanding store, shopping mall, retail park, focused centre, etc (Guy, op cit).

In the spatial transformation of retail structure that has occurred, a large number and wide range of new types of retail facilities have emerged, despite the apparently strong presumption against out-of-centre retail development.

"This constitutes a major paradox in British retail planning. The early divergences from the hierarchical ideal tend to reflect the circumvention of local planning regulations in a variety of ways by retailers. Subsequently, for most of the 1970s,

the intermittent relaxation of control by central government, followed by an increasingly 'free-market' orientation throughout the 1980s and early 1990s explains the paradox" (Bromley and Thomas, 1993, p8).

Influence of Theoretical Concepts on Retail Policy

The various models of the development process cover a wide spectrum of theoretical concepts of retailing. Considering the policy implications of these models, two main points can be highlighted:

- (i) Retail development is demand-led; it will not take place without a retailer or developer who seeks to promote new development. In the retail property market the private sector plays the dominant role as supplier (Healey, 1992b).
- (ii) Retail development requires the involvement of planners and ultimately the support of local authorities in obtaining planning permission. Healey (op cit) comments that the planning system is no longer conceived of as being opposed to the market, and planning authorities need to respond to the challenge of 'market-sensitive' planning.

Therefore, in the evolution of planning policy, the interaction between the private sector and the regulatory authorities is critically important. The relationship between 'state and market' in planning in the last decade has been examined by Healey. Her conclusion is that:

"The planning system has a high degree of adaptability. This allowed the substantial shift to a narrow agenda in the early 1980s, to a negotiated project-based practice dominated by development-market values in the later 1980s, and to strategic concerns for the integration of economic, environmental and social issues in the arena of managing land-use and environmental change in the early 1990s" (Healey, 1992b, p430).

The theoretical basis of retail planning was initially founded on central place concepts and the retail hierarchy. Gibbs comments that, since the 1950s, planners' philosophical commitment to the retail hierarchy has been reinforced by the support of local authorities towards town centre redevelopment schemes and the preservation of the established pattern of shopping.

"By protecting and enhancing the role of the town centre in this way, local authorities have encouraged the development of a centralised, hierarchical structure of retailing" (Gibbs, 1987, p9).

Gayler (1989) is critical of the defence of the town centre and its position at the top of the retail hierarchy by the British planning system since the Second World War. He claims that retail innovation has been seen as a threat to the existing order. Rees (1987) recognises that retail trends have led to a marked erosion of the hierarchical arrangement of centres which planners have traditionally sought to defend. Planners have done this for several reasons:

1. to maximise 'social and territorial equity' in the spatial distribution of shopping opportunities
2. to maximise the economic benefits of functional integration
3. to assist in co-ordinating the ancillary, publicly-financed infrastructure and services in the most cost-effective manner.

In attempting to reconcile centrality and dispersal, planners have tended to be torn between entrenched protectionism and reluctant acceptance of those new forms of decentralised retailing which offer identifiable advantages (Rees, op cit).

Shepherd and Thomas (1980) comment that central place theory provides at best only a partial explanation for intra-urban shopping behaviour. Kivell and Shaw (1980) also regard central place theory as being over-simplified and having severe limitations. Potter (1982) has made an evaluation of theories and models of urban retail location and concludes that central place theory and its derivatives remain of great significance to retailing studies. He argues that concepts such as range, threshold and hierarchy are still valid and have an influence on the way the planning system intervenes in the retail market, although it is recognised that a more flexible attitude towards the retailing hierarchy will be required in the future.

The influence of central place theory on the distribution of shopping centres is evident. Shopping centres and their catchment areas provide good examples of urban hierarchies, but a rigid theoretical adherence to hierarchical principles is no longer valid.

"The traditional patterns of retail behaviour have been greatly modified by new technology and greater personal mobility. However, the social attractions of urban centres seem undiminished and the enthusiasm for family trips to out-of-town retail and leisure facilities is growing rapidly (Daniel and Hopkinson, 1989, p294).

Batty (1997) has commented on the way in which the retail revolution represents a move to increased productivity through technological change. He has said that the traditional hierarchy of shopping centres will disappear entirely because of technological change, mail order and teleshopping. However, at the present time retail hierarchies continue to have a significant role in structure plan and local plan shopping policies. Examples of such policies are given in Chapter 6. The revised PPG6 shows the continuing importance attached to the concept of a hierarchy of centres in government policy. It states that structure and local plans should set out the hierarchy of centres and the strategy for the location of shopping and other uses, and

"in particular, the development plan should indicate a range and hierarchy of centres, from city centre, through town centre, district centre to local centres and village centres, where investment in new retail and other development will be promoted and existing provision enhanced" (Department of the Environment, June 1996, paragraph 1.5).

General interaction theory has not had such a strong influence on retail policy as central place theory, but it underlies the formulation of shopping models which have been used in retail impact assessment. The most widely used hierarchical shopping models, developed by PRAG and URPI in the 1970s, were based on an integration of central place theory and a spatial interaction framework which was found to give the most accurate representation of shopping trips (see Chapter 4). In practice, retail locational patterns and consumer behavioural traits are closely inter-related. Therefore, locational and cognitive-behavioural aspects of the urban retailing system should be considered in conjunction (Potter, 1982).

The spatial transformation of retailing that has occurred with decentralisation and new forms of shopping development has tended to break down the traditional hierarchical structure. The policy response to these trends was initially to resist change, then to accommodate it until pressure for decentralisation became out of control, and finally to seek a balance between town centre and out-of-centre provision. Guy notes that the debates over off-centre development have perhaps obscured some more general issues concerning planning intervention in the retail system.

"Changes in planners' control over retailing have reflected wider changes in government attitudes towards property development. In the 1970s, government interests supported the view that planners should determine the broad location and type of development, in the interests of protecting existing (generally unplanned) facilities and providing good quality shopping for the local population. In the 1980s the government moved to a position of leaving the impetus for retail growth and change to the private sector developers and retailers. Local authorities were no longer expected to specify the location and type of new development. However, leaving these decisions to the market led to intense pressure for off-centre retailing, leading to the boom in regional centre proposals in the mid-1980s. Faced with this pressure, and the possible consequences for established town centres, the government has now offered more support for town centres and has attempted to set more stringent conditions for off-centre development, in the revised version of Planning Policy Guidance Note Six" (Guy, 1994b, p201).

Comments have been made in Chapter 3 about the historical development of government policy on retailing. The next section looks in detail at current government policy on town centres and retail development, with particular reference to PPG6 and its significance for retail impact assessment.

5.4 Government Policy on Retailing

Chapter 2 refers to current government policy to safeguard town centres and generally restrict out-of-centre development, and outlines the government's key concern with the vitality and viability of shopping centres. Chapter 3 traces the historical development of government advice on retail policy through the original and revised versions of PPG6. There have been many criticisms of the attitude of Government to retail planning, particularly that Government has had a 'patchy interest' in the retail sector, and that policy has evolved in a reactive way, often simply as a tool of crisis management (Tomalin, 1996).

PPG6

Government policy on retailing in England and Wales is the subject of PPG6. The current version of PPG6 was issued in June 1996, replacing the July 1993 version which itself superseded the guidance issued in January 1988. The 1988 guidance was formulated in quite different economic circumstances than those of the early 1990s. The underlying themes in 1988 were best summed up as 'competition and

choice' (Raggett, 1994a). The July 1993 version shifted the balance towards sustaining and enhancing town centres and adopted a more cautious approach towards out-of-centre retailing.

PPG6 (July 1993) made four main points:

- support for competition, within a clear planning framework
- the planning system should be positive about the role of town centres
- new retail development will continue to be supported as long as it does not undermine the vitality and viability of town centres
- support for town centre management and partnership.

During 1994, Ministerial statements began to depart from the formal policy guidance. The balance of policy advice tended to alter towards safeguarding the vitality and viability of town centres and towards a greater emphasis on access to shopping centres by transportation modes other than the private car. Only a year after it was revised, the Government announced that PPG6 was to be revised again. The need for further revision was reinforced by the decision of the House of Commons Environment Committee early in 1994 to review a wide range of retail issues. The Environment Committee's report, entitled *Shopping Centres and their Future*, was published in October 1994. It takes a critical view of retail trends and retail planning policies, and recognises that planning guidance has to be clear and consistent for retailers, local planning authorities and the development industry to operate efficiently and effectively. It accepts the need for flexibility so that planning policy can provide general guidance for application in a local context. A large number of recommendations were made regarding changes to PPG6.

The Government published its response to the Environment Committee's report in February 1995. On the matter of the revision of PPG6, the Government stated that it agreed with most of the recommendations for further advice and proposed to revise PPG6 accordingly. The draft revision of PPG6 was issued in July 1995, and the final revision was published in June 1996. The new guidance contains some significant shifts in policy emphasis. The main changes in the guidance are stated in

Section 3.5.

The two main strands of current Government policy can be summarised as:

- (i) sustainability - There is an emphasis in PPG6 and PPG13 on reducing the use of the car for shopping trips. PPG13 says that shopping should be promoted in existing centres which are more likely to offer a choice of access, and PPG6 acknowledges that town centres can play an important role in reducing the need to travel and reliance upon the car.
- (ii) support for town centres - As shown above, there is now firm support for enhancing and promoting town centres. This is embodied in the introduction of the sequential approach to selecting sites for new retail development. The new PPG6 states that:

"Adopting a sequential approach means that first preference should be for town centre sites, where suitable sites or buildings suitable for conversion are available, followed by edge-of-centre site, district and local centres and only then out-of-centre sites in locations that are accessible by a choice of means of transport" (Department of the Environment, June 1996, paragraph 1.11).

New retail developments are expected to be in accordance with the strategy for retail development set out in the development plan. The revised guidance does not preclude out-of-centre developments but sets out three key tests for judging applications which fall outside the development plan framework:

- (1) impact on the vitality and viability of town centres
- (2) accessibility by a choice of means of transport
- (3) impact on overall travel and car use.

The health check approach to assessing the vitality and viability of town centres has been substantially revised, and comments are made on the recommended approach in the next section on Vitality and Viability.

PPG13

The element of government policy relating to transport issues is dealt with in both PPG6 and PPG13. A complete revision to PPG13 Transport was published in March 1994, which further developed the concept that new development should

recognise a need to reduce the length and number of motorised journeys, encourage alternative means of travel and hence reduce reliance on the motor car. Retail development features specifically in PPG13, which states:

"Structure plan policies for retailing should seek to promote the vitality and viability of existing urban and suburban and rural centres. Shopping should be promoted in existing centres which are more likely to offer a choice of access, particularly for those without the use of a private car.

Travel for shopping has grown strongly, particularly in the non-food sector. In local plans, authorities should:

- maintain and revitalise existing central and suburban shopping centres by enabling development to take place there and by policies which improve the quality and competitiveness of those areas;*
- encourage local convenience shopping by promoting the location of facilities in local and rural centres, and ensuring such areas are attractive and readily accessible on foot or by bicycle;*
- where suitable central locations are not available for larger retail development, seek edge-of-centre sites, close enough to be readily accessible by foot from the centre and which can be served by a variety of means of transport;*
- avoid sporadic siting of comparison goods shopping units out of centres or along road corridors; and*
- provide for both local shopping and residential uses in large new developments, where feasible"* (Department of the Environment, March 1994).

Therefore, through PPG6 and PPG13 Government policy is attempting to restrain market forces in retailing and has introduced social and environmental as well as economic factors into decisions on major shopping development. The important issue of sustainable development in relation to retailing is discussed in Chapter 7, and its application in assessing proposals for new retail development is discussed in Chapter 11.

Policy and Practice in Scotland

A review has also recently taken place of government policy on retailing in Scotland. The original Scottish Office advice in the form of national planning policy guidelines (NPPG) on the Location of Major Retail Development was produced in 1986. It gave positive support to the role of the town centre but also recognised the importance of widening consumer choice and convenience. A draft revised NPPG on "Retailing" was issued in February 1995. The draft NPPG was an attempt to provide guidance which shifted the focus away from out-of-centre development to

existing centres. It promoted a much stronger role for town centres and town centre management initiatives and provided backing for a more interventionist approach by local authorities where out-of-town retail development raises issues of sustainability, design quality and impact on the vitality and viability of town centres (Duffill, 1995). Out-of-centre developments were not ruled out but greater weight was attached to their impact and potential to undermine the vitality and viability of existing town centres. However,

“it still leaves room for major disagreement between developers and planners, particularly with regard to impact (social, economic and environmental)” (Braithwaite, 1996, p27).

Most controversially, the draft NPPG went further than PPG6 in attempting to quantify ‘significant’ impacts on the vitality and viability of town centres from out-of-centre retail developments. It stated that significant impact may be judged as trade diversion of 10 to 15 per cent, although the impact will vary in the light of the particular circumstances of each existing centre. No justification was given for the figures adopted and there was widespread criticism of the use of such criteria. Drysdale (1995), for instance, stated that none of the recent reports and research papers on retail impact make any reference to particular thresholds of retail impact and some documents, notably the Scottish Office’s own 1992 research paper on Retail Impact Methodologies, explain that there can be no standard threshold of impact because of the countless variations in circumstances and in the methods of calculation.

The Scottish guidance was finally issued as NPPG8 on Retailing in April 1996, just before PPG6. Like PPG6 it incorporates the sequential approach to site selection and the emphasis on town centres. It states that:

- out-of-centre developments should not be of such a scale as to undermine the vitality and viability of town centres
- new retail development should be sited where there is a choice of transport and should not be dependent solely on access by car
- all applications for major retail developments over 5000 sq.metres gross should be supported by a retail impact assessment which provides evidence of likely economic and other impacts on other retail locations (compared with 2500 sq.

metres in PPG6)

- where assessment shows clear evidence that a planning proposal would have a significant impact on an existing centre and would undermine its vitality and viability, permission for development should be refused.

The controversial percentage impact threshold mentioned in the draft NPPG was left out of the final version. This omission is seen as a weakness in the guidance (Braithwaite, 1997). NPPG8 and PPG6 offer similar guidance but some commentators believe the Scottish guidance is clearer and firmer. L.Davies (1996), for instance, concludes:

- in England and Wales, the sequential approach will act as a continued threat to town centres. It does little to foster confidence in the future of town centres and “an endless line of appeals will result in further greenfield development”
- in Scotland, the guidance promotes town centres more effectively and gives greater certainty for investment.

At the time of writing the Scottish NPPG8 is being revised again to make it more consistent with PPG6.

5.5 Vitality and Viability

The phrase 'vitality and viability' was introduced by the Secretary of State for the Environment in response to a Parliamentary Question in July 1985. He said:

"Since commercial competition as such is not a land use consideration, the possible effect of proposed major retail developments on existing retailers is not in this sense a relevant factor in deciding planning applications and appeals. It will be necessary, however, to take account in exceptional circumstances of the cumulative effect of other recent and proposed large scale retail developments in the locality, and to consider whether they are on such a scale and of a kind that could seriously affect the vitality and viability of a nearby town centre as a whole - for example whether they seem likely to result in a significant increase in vacant properties or a marked reduction in the range of service the town centre provides, such as could lead to its general physical deterioration and to the detriment of its future place in the economic and social life of the community. Town centres need to maintain their diversity and activity if they are to retain their vitality, but the range and variety of shops and services will change, as they have always done, in response to changing conditions" (quoted in PPG6, January 1988, paragraph 7).

Vitality and viability have recently been defined in the URBED report on Vital and Viable Town Centres, as follows:

"Vitality refers to how busy a town is at different times and in different parts.

Viability refers to the capacity of the centre to attract continuing investment, not only to maintain the fabric but also to allow for improvement and adapting to changing needs" (URBED, 1994, p55).

Therefore, vitality means liveliness and activity while viability suggests commercial survival and the continued attractiveness of a centre.

It is helpful to trace the evolution of thinking on how vitality and viability should be measured. In 1988 the Distributive Trades EDC concluded that the best data for examining the viability of different High Streets related to shop vacancies associated with a lack of economic prosperity. But their report stated that vacancy rates are only a partial measure of shopping centre performance; qualitative indicators may also be important eg the overall appearance of shops and other buildings (NEDO, 1988).

The BDP/OXIRM study for the DoE included a survey of local authorities which indicated that economic impacts in the form of physical deterioration were the most appropriate measure of lack of vitality and viability, ie poor environment, acute congestion and a lack of opportunity sites available to compete with out-of-town development (BDP/OXIRM, 1992).

During this time the advice contained in the original PPG6 remained in force. However, the revised PPG6 in July 1993 gave added importance to the concept of vitality and viability. It elaborated on the concept, stating:

"Good retailing contributes to the vitality and viability of town centres. But vitality and viability depend on more than retailing; they stem from the range and quality of activities in town centres, and their accessibility to people living and working in the area" (DoE, July 1993, paragraph 5).

Figure 1 in PPG6 (July 1993) suggested some basic measures of vitality and viability, acknowledging that in practice most aspects of vitality and viability will be difficult to assess with confidence. The following indicators, it suggested, can usually provide the main criteria for the purposes of a planning application or appeal:

- commercial yield on non-domestic property (see below), and
- pedestrian flow

Other factors which may be relevant are listed as:

- the proportion of vacant street level property in the primary retail area
- the diversity of uses
- retailer representation and profile
- retailer demand or intentions to change representation
- the physical structure of the centre (DoE, July 1993, Figure 1).

The June 1996 version of PPG6 has revised the indicators of vitality and viability.

The following indicators are now recommended for assessing the health of town centres:

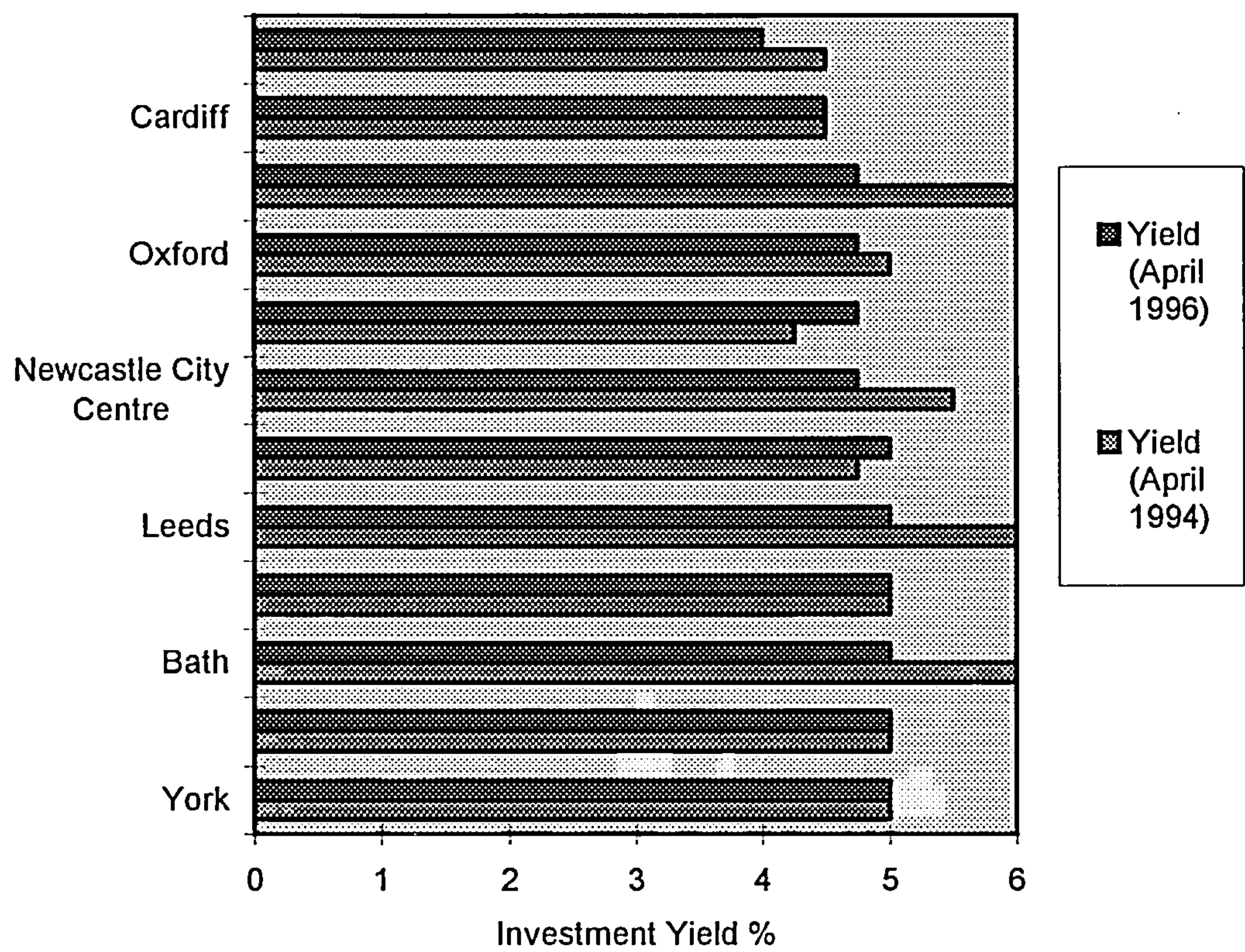
- (1) diversity of uses (shopping, offices, leisure, pubs, restaurants, housing, etc)
- (2) retailer representation and intentions to change representation (ie. demand)
- (3) shopping rents within primary shopping areas
- (4) proportion of vacant street level property
- (5) commercial yields on non-domestic property
- (6) pedestrian flows
- (7) accessibility
- (8) customer views and behaviour
- (9) perception of safety and occurrence of crime, and
- (10) state of the town centre environmental quality (DoE, June 1996, Figure 1).

Some comments are needed on the appropriateness of these indicators, particularly on yields. PPG6 says that information on yields should be used with care. The main source of yield information is the Inland Revenue Valuation Office Agency which has monitored prime retail yields in 550 shopping centres throughout England since April 1994 and publishes data for April and October each year. Yield is defined as *"a measure of property value which enables values of properties of different size, location and other characteristics to be compared. It is the ratio of rental income to capital value, and is expressed in terms of the open market rents of a property as a percentage of the capital value. Thus, the higher the yield the lower the rental income is valued, and vice versa. A high yield is an indication of concern by investors that rental income might grow less rapidly and be less secure than in a property with a low yield"* (Valuation Office, Spring 1996, p66).

It is acknowledged that factors which affect yield are complex and need to be interpreted with reference to the circumstances in each individual town. Broadly speaking, however, low yields indicate that a town is considered to be attractive and

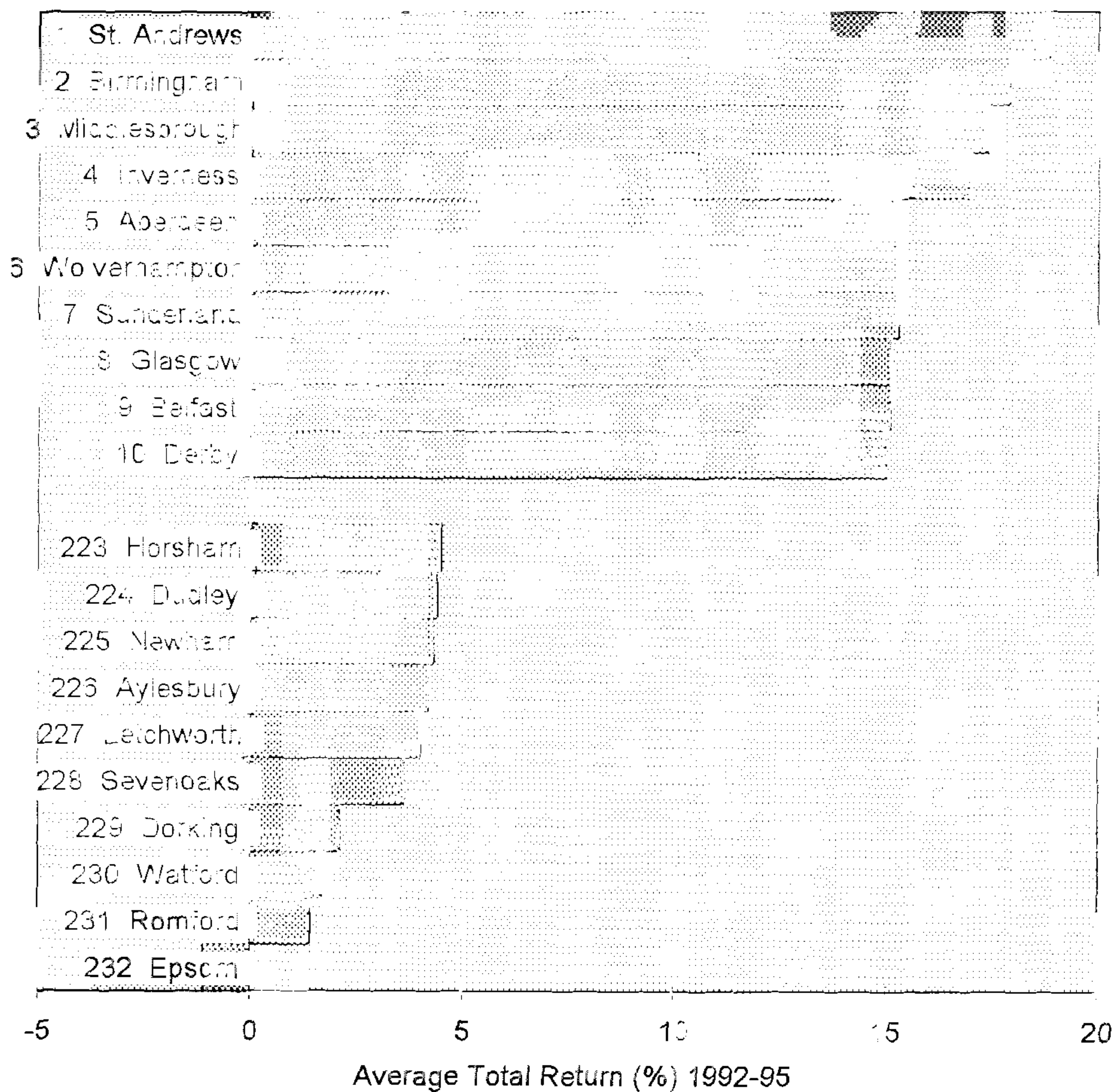
as a result be more likely to attract investment than a town with high yields. Figure 4 shows those centres with the best (ie. lowest) yields in April 1996 compared with their yields in April 1994.

Figure 4: Shopping Centre Yields



Another measure of the health of shopping centres is produced by Investment Property Databank (IPD). IPD's basis of calculation is the 'total return measure' which includes both changes in the capital value of property over twelve months and the rental income received by landlords. A three year average for 1992-95 has been selected to smooth out annual fluctuations in total returns. The highest and lowest in the ranking of 232 centres are shown in Figure 5 (IPD, 1996):

Figure 5: Shopping Centre Returns



As well as reflecting a transformation of the north/south divide that affected economic well-being in Britain in the 1980s, these figures are further evidence of the effects of large-scale out-of-centre developments eg in Dudley and Romford.

There appears to be a consensus of opinion that aspects of vitality and viability will continue to be difficult to assess. In particular, the effect of new retail proposals on investment yields requires extensive commercial knowledge of the market and it goes beyond the scope of conventional impact studies. In addition, investment yields are seen as fluctuating dramatically as they are affected by a number of variables including the wider external influences of the investment market. As such they will be difficult to use to measure the change in viability through time. Stockdale (1993) argues that commercial yields have little to do with the viability of a town centre and that they are more a reflection of macro-economic circumstances. He maintains

that the most compelling indicators of a town's retail health are the rental levels within the town and the performance of the retailers themselves. Other factors of relevance such as vacancy rates and retailer representation, it is claimed, are easier to collect and should have an equal status in the assessment.

Evidence presented to the Environment Committee on 'Shopping Centres and their Future' by the RICS also casts doubt on the value of employing yields as a main indicator. In its response to the report the Government agrees with the RICS that the yields used as a comparative indicator of relative attractiveness of commercial investment in a town centre need to be correctly analysed and their limitations understood (DoE, 1995).

In addition to its recommendations on indicators of vitality and viability, the URBED report (1994) considers that it is important to look at the underlying components of a healthy town centre. These can be analysed through a 'health check' which should focus on three basic qualities of the health of a town centre - attractions, accessibility and amenity (the three 'A's').

- Attractions = retail provision, services, variety and number of attractions
- Accessibility = access to the centre, and movement within the centre
- Amenity = appearance and character of the centre, and security

URBED suggest detailed appraisals of town centres to indicate how particular aspects of a centre are performing. PPG6 accepts this advice which is embodied in the key indicators in Figure 1. However, there are differences between the URBED health check approach and the PPG6 indicators, and advice is given in Chapter 11 on how these differences can be reconciled in practice.

Tesco Stores Limited commissioned Healey and Baker to conduct a critical analysis of the approach adopted by the government in PPG6 to the measurement of vitality and viability. Healey and Baker's report in May 1995

"examines whether or not the indicators set out in PPG6 can be regarded as appropriate tests of the vitality and viability of a shopping centre and whether such indicators are capable of independent and reliable measurement, such that they could satisfactorily be used to inform the decision-making process, either at local or

national level" (Healey and Baker, 1995, p4).

The report has some significant conclusions, as follows:

- (1) Most aspects of vitality and viability are difficult to assess with confidence. There are serious reservations about the use of commercial yield on non-domestic property - only limited reliance should be placed on commercial yields when considering the vitality and viability of a centre.
- (2) Data relating to pedestrian flow is not capable of direct translation into shoppers and potential retail trade. Information on pedestrian flow is only likely to be useful if it has been collected on a consistent basis for a particular centre over a number of years. Even then, great care will be needed in interpretation of the reasons for any changes.
- (3) The proportion of vacant street level property in the primary retail area can be helpful, as long as there is a consistent basis of measurement and an understanding of general retail market conditions and specific local circumstances.
- (4) Other indicators are regarded as being of limited value - the diversity of uses in a centre; retailer representation and profile; retailer demand; and physical structure of the centre.

Healey and Baker recommend those elements which they consider would usefully form part of a relatively simple and straightforward approach to vitality and viability. It includes both quantitative and qualitative factors, and the approach may need to be varied depending on the size of the centre, its retail function, and the purpose for which the assessment is being made. Three factors are identified:

1. the function of the centre - based on Goad Trader Plans and household surveys.
2. vacancy levels and retailers' requirements - preferably based on the percentage of retail floorspace within the defined primary frontage.
3. impact assessments - to evaluate the effects of new retail proposals in out-of-centre locations.

5.6 Government Advice to Local Authorities

PPG6 is of fundamental importance to local authorities. Local planning authorities must take the content of PPGs into account in preparing their development plans

and the guidance may also be material to decisions in individual planning applications and appeals. In the revised PPG6 (June 1996) the Government sets out the objectives that local planning authorities should adopt in their planning policies. A plan-led approach is advocated, and it is stated that local plans should identify sites for development. Town centres are seen as the preferred location for developments that attract many trips. To encourage vitality and viability, local planning authorities are urged to promote mixed-use developments such as housing schemes within town centres.

The advice to local authorities in PPG6 is specified in Annex B on Development Plans. Annex B refers to regional planning guidance, structure plans and local plans. On regional guidance, it states that regional planning guidance (and strategic planning guidance in the metropolitan areas) is concerned only with the overall strategy for a network of centres in the region, as a guide to the preparation of structure plans and UDPs, including assessing the scope for new regional centres.

The regional planning guidance for the Northern Region, for instance, states that:

"Structure plan policies should identify strategic locations and criteria for retail development. Wherever possible, such development should be located within, or on the edge of existing town and district centres. In some exceptional cases, such as certain market towns and historic cities, this may not be possible or desirable. Alternative locations for superstores and retail warehouses should fully reflect the policies to regenerate the urban areas, reduce the need to travel and protect the countryside. Sites should be easily accessible by public transport. Out-of-centre developments must not adversely affect the vitality and viability of town centres. Structure plan policies should set the strategic land-use framework for further improvements to the economic health and attractiveness of the town and district centres" (Department of the Environment, September 1993).

On structure and local plans, Annex B makes the following key points:

Structure plans should provide a clear strategy for town centres and retail development within the county, helping to ensure a consistency of approach between districts. They should also indicate whether there is a role for retail developments outside town centres.

Local plans should generally conform with structure plans. In preparing local plans, local planning authorities should:

- take account of future retail demand

- consider the relationships between centres
- assess the effectiveness of previous local plan policies on vitality and viability
- identify a range of suitable sites for development
- include criteria-based policies, and
- set out policies for retention of town centre uses

Local planning authorities are also advised that:

- the views of property owners and retailers should be taken into account in assessing the capacity of town centres to accommodate growth
- plans may distinguish between primary and secondary frontages in town centres and consider their relative importance to the character of the centre
- retailing policies and proposals in development plans should be based on a factual assessment of retail developments and trends, including surveys to obtain up-to-date data on existing shopping provision, future potential.

Because of the Government's concern with the cumulative effects of major new retail development on existing centres, it has issued a Direction requiring local planning authorities to notify the Secretary of State of proposals for major retail development, before granting planning permission. Local planning authorities are also required to notify departure applications to the Secretary of State if they consist of more than 10,000 sq metres of gross retail floorspace or if, by reason of their scale, nature, or location, they would significantly prejudice the implementation of development plan policies and proposals. These procedures provide the Secretary of State with the opportunity to call-in applications for decision, usually where the proposals are of more than local importance (DoE, June 1996).

Specific advice is given to local planning authorities in PPG6 on how they should deal with retail policy issues in development plans and how to assess applications for new retail developments. A detailed consideration of these matters is included in Chapter 8 in evaluating the application of retail impact assessment.

5.7 Summary

Approaches to retail impact assessment have evolved in parallel with the evolution of planning theory over the past 30 years. Planning has changed from a concern with the physical environment and design to a concern primarily with social and economic issues.

In the 1970s procedural planning theory and the systems approach formed the basis for rational planning and the development of shopping models. Other theoretical perspectives rooted in neo-Marxism and the free-market ideology in the 1980s were replaced in the 1990s by pragmatic approaches more relevant to policy in practice.

Urban planning is primarily a form of state intervention in the development process. The planning system intervenes in the retail market to regulate free-market forces in the public interest. Planning policy towards retailing has been determined by political and economic changes since the 1970s. In the 1990s planning has become more pragmatic and policy-orientated, and retail impact assessment has developed in response to changes in the policy context in the last decade.

Various models of the development process provide a conceptual basis for retail planning. The process can be looked at from several perspectives but essentially retail development is demand-led and it requires the involvement and acceptance of the planning system for it to proceed.

Retail planning has traditionally been based on normative spatial models of shopping behaviour, particularly central place theory and its conceptual basis of a hierarchy of shopping centres. General interaction theory forms an alternative approach to explaining shopping patterns and provides the theoretical base for shopping models. The concept of a hierarchy of centres has been weakened by the spatial transformation of retailing that has occurred with decentralisation and new forms of shopping development.

Government policy on retailing in England and Wales, embodied in PPG6, has been revised significantly since the late 1980s. Rapid economic growth in the 1980s and free market ideology led to a relaxation in government policy towards out-of-centre development, which is reflected in the first PPG6 (1988). But the economic recession of the early 1990s and a widespread reaction against the effects of decentralisation led to new controls over retail development outside town centres. We now have a more pragmatic approach which seeks to support town centres and

restrict out-of-centre development, and to reduce the use of the private car for shopping trips.

The latest version of PPG6 (issued in June 1996) emphasises the need to regenerate city, town and district centres, using a plan-led approach to guide development including the identification of suitable sites, adopting a sequential approach to the selection of sites, and recommends strategies and action plans for improving and managing town centres. PPG6 does not preclude out-of-centre development, but spells out the criteria against which these should be assessed. Policy has also been revised in Scotland, in the form of a new NPPG8 on Retailing, which is broadly in line with PPG6 but has some differences in emphasis.

The concept of vitality and viability of town centres, which forms the cornerstone of government shopping policy, is still being refined and there is as yet no generally accepted basis for measurement. A range of preferred indicators is recommended in PPG6 but pedestrian flows and commercial yield are no longer regarded as the best indicators to use. Yield is a notoriously difficult indicator to use in practice and it has been widely criticised. A broader-based approach using qualitative 'health checks' to assess vitality and viability seems to be the way forward, and recommendations are made in Chapter on the qualitative appraisal of town centres.

PPG6 gives advice to local planning authorities on retail policy in development plans and on dealing with planning applications for new retail development. It also directs that local authorities should inform the Department of the Environment of proposals for major retail development which may be called-in for decision by the Secretary of State. PPG6 also offers limited advice on the use of retail impact assessment but there is still no clear guidance from government on how RIA should be applied in practice.

What is clear, though, from this review of policy on retail development is that it is no longer sufficient for those preparing RIAs to look only at the quantitative impact of examined in terms of trade diversion, and Government policy now expects that the impact will also be assessed qualitatively by considering the health of those

centres affected and the ability of centres to withstand trade loss. Issues of the accessibility of a new store and its impact on travel patterns are also material considerations. The application of this approach is highlighted in Chapter 11. The response of local authorities to retail policy and retail impact issues is analysed in the next chapter.

6. LOCAL AUTHORITY SURVEY

The preceding chapters have set the context for this thesis in discussing the crucial factors which influence retail planning in Britain and the way in which approaches to RIA have developed in response to the changing policy climate. The previous chapter, in particular, shows how concern has grown about the effects of new retail developments on existing centres and how government policy is now placing special importance on promoting town centres and resisting further competition from out-of-centre developments. The next key step in the research is to take account of the views of local authorities in implementing the planning system. This chapter reports on the results of a survey of local authorities (LAs) nationally which was carried out to obtain factual information about major retail developments and shopping policy, and to find out the views of LAs about retail impact assessments (RIAs). It is important that a critical analysis of the way that RIA is applied should be based on an informed view of planners who are directly involved in dealing with development plan policy and planning applications for large new stores.

6.1 Survey Organisation

A postal questionnaire survey of LAs was carried out in 1995. The questionnaire was designed to be short and straightforward to facilitate completion by LA planners who are beset by requests from students and researchers to fill in survey forms. It was divided into two parts: Part 1 for all LAs to complete, and Part 2 for District Councils only. Part 2 covers matters relating to development control which are not applicable to Counties. The questionnaire itself is included in Appendix 4.

The survey was devised to explore the link between RIA and the policy climate in which it is carried out in Britain. In particular, it aimed to examine how local authorities respond to the pressure for new retail development, and their attitudes towards retail impact issues in the planning process. The analytical frame adopted seeks to show how LA policy towards retail development and concerns about retail impact fit into the changing context of Government policy. The content of the

survey covers four main areas which are particularly relevant to the analysis of these issues:

(i) Policy - on the vitality and viability of shopping centres and on major developments outside existing centres

(ii) RIAs - the requirement to undertake a RIA, and opinions and comments on RIAs that have been carried out

(iii) Experience of major retail developments (for District Councils only) - including recent planning applications, and evidence of harm to the vitality and viability of town centres and cumulative impact

(iv) Town Centre Management initiatives (District Councils only).

The questions were worded to be clear and unambiguous. On the policy questions, LAs were invited to enclose copies of relevant development plan policies and most of them did so. This has proved to be a very useful source of material to supplement the questionnaires themselves. The question on improvements to RIA methodology was deliberately left open-ended so that respondents were able to express their opinions freely, and this also produced some valuable results.

Following a pilot survey to 5 LAs (2 Counties and 3 Districts) a few minor changes were made to the questionnaire, but these changes did not affect the results from the pilot exercise. Then, questionnaires were sent to a further 160 LAs in England, Scotland and Wales. All Counties were included in the survey because of the importance of strategic policy on shopping and the technical guidance that Counties provide to Districts on retail planning matters. It would have been impractical to survey all Districts so a sample of 1 in 4 was selected to keep the task to a manageable size. The approach used was designed to provide a sample stratified geographically and by size of District in terms of population. Within each County, Districts were listed in descending order of population and a strict selection procedure applied by keeping intervals of 4 between those Districts chosen. The survey was carried out and completed before the reorganisation of local government in Scotland, Wales and some parts of England in April 1996. Details of the sampling method are given in Appendix 5.

The number of LAs in the survey is as follows:

		Total	Number in Sample
England:	Counties	39	39
	Met Districts	36	9
	London Boroughs	32	8
	Shire Districts	296	74
Sctland:	Regions (1)	9	9
	Districts (2)	37	9
Wales:	Counties	8	8
	Districts	37	9
All Counties		56	56
All Districts		438	109
Total		494	165

(1) excludes Islands Councils

(2) excludes Islands and Districts in those Regions which at that time were responsible for all planning functions (Borders, Dumfries and Galloway, and Highland)

Following local government reorganisation in Scotland and Wales in April 1996, the Regional and County Councils have been abolished and new Unitary Authorities created.

Questionnaires were sent out with a short covering letter and a return envelope. The response rate achieved is 88.5%. There were only 3 outright refusals, all from Districts who were unable to co-operate because of pressures of work. Reminders were sent to those LAs who did not reply within a month of the forms being sent out, and this helped to increase the response rate.

	RESPONSE RATE (per cent)			
	England	Scotland	Wales	GB Total
Counties	100.0	88.9	87.5	96.4
Districts	83.5	100.0	77.8	84.4
Total	88.5	94.4	82.4	88.5

Replies were received from all but 2 of the 56 Counties, including all of the Counties in England. The response from Scotland was particularly good as well. Overall, the survey has produced an excellent response and the results are representative of LAs across the country, for both Counties and Districts. A list of the LAs who responded to the survey is given in Appendix 6.

LAs did not appear to have any difficulty in completing the questionnaire. The questions were particularly easy for Counties to answer and this is reflected in their

high response. The only problem that seems to have been encountered is one of terminology. Four London Boroughs and two Metropolitan Districts failed to appreciate that they are District Councils (albeit unitary authorities) and did not complete Part 2 of the form which was intended for Districts only. Yet the two other London Boroughs and six other Metropolitan Districts correctly understood that they were meant to answer these particular questions.

The survey results were tabulated and analysed using Microsoft Excel, and the results are presented in the following sections which deal with:

- development plan policy on new retail development
- views of local authorities on retail impact assessment
- evidence of retail impact, and
- local authority initiatives for retail development

6.2 Development Plan Policy on New Retail Development

LAs were asked whether their Structure Plan, Local Plan or UDP includes policies:

- (a) to support the vitality and viability of existing town/city centres
- (b) on major or large-scale retail development outside shopping centres.

This section comments on the policies adopted, illustrated by references to particular development plans where appropriate.

Vitality and Viability of Centres

Almost all LAs (98% of those who responded) have Development Plan policies to support existing centres. It is most useful to examine the responses according to the type of plan to which they are related. Structure plans generally define a hierarchy of shopping centres - usually regional, sub-regional, town centres, district centres and local centres. They generally also contain a policy that centres will be “maintained and enhanced”, particularly those which come after the July 1993 revision of PPG6. Sometimes other similar terms are used eg. “maintain and strengthen vitality and viability” or centres will be “maintained, improved and

promoted". Sometimes reference is also made to other activities and facilities. A good example of such policies is the Durham County Structure Plan, which states:

"The vitality and viability of the centres of the County's main towns should be sustained and enhanced. Measures to achieve this will include:

- (a) making provision for new retail development within or adjacent to the town centre
- (b) increasing and maintaining the diversity and quality of activities, including making provision for a range of retail, social, cultural, residential and commercial facilities
- (c) the re-use of derelict or redundant sites
- (d) traffic management schemes including improved access for public transport, and
- (e) enhancing the appearance, safety, and environmental quality of the centres".

(County Durham Structure Plan Review, Deposit Plan, November 1995)

Structure plans sometimes refer to the scale and nature of proposed new shopping development. The Derbyshire Structure Plan, for instance, says that new shopping development will normally be permitted within existing major centres providing that its scale and nature:

- (1) Is compatible with the scale and character of the centre
- (2) Either individually or cumulatively does not seriously affect the vitality and viability of any other nearby major centre as a whole
- (3) Is acceptable in terms of traffic generation and car parking provision.

(Derbyshire County Structure Plan, May 1990)

The wording of these two policies from Durham and Derbyshire illustrates the differences in emphasis which are influenced by the age of the plan, in the sense of whether it pre-dates or post-dates the July 1993 version of PPG6. The more recent Durham plan refers specifically to centres being "sustained and enhanced".

Lancashire County Council made proposed modifications to their Structure Plan shopping policies in response to the draft revision of PPG6 in 1995 and specifically the introduction of the sequential approach. The new policy on locations for retail development states:

"Retail development which is intended to serve a wide catchment area or which might have a significant effect on local shopping patterns will be located on sites:

- (a) (i) within the main shopping centres of each of the following towns (*which are listed*)
(ii) adjacent to the main shopping centre of each of the towns listed in (a)(i) provided that there is no suitable site within the main shopping centre
- (b) (i) within other shopping centres within the towns listed in (a)(i) above and other towns if the development would be appropriate in scale and character to the requirements of the areas which such centres serve
(ii) adjacent to the shopping centres referred to in (b)(i) above if the development would be appropriate in scale and character to the requirements of the areas which such centres serve and provided that there is no suitable site within existing centres".

(Lancashire Structure Plan, Proposed Modifications)

In some instances there is explicit support for the vitality and viability of shopping centres. The Gwent Structure Plan has policies on town centre improvements which state that:

- there will be a presumption in favour of proposals which enhance the viability, vitality, quality and environment of existing town centres, and
- proposals for shopping development in the existing town centres will be considered favourably.

UDPs and Local Plans also seek to secure and enhance the vitality and viability of town and district centres, and improve local centres. The City of Manchester UDP (July 1995), for example, takes a clear line on shopping with policies grouped under two broad headings:

- (1) Enhancing shopping provision in existing centres, including the city centre and district shopping centres
- (2) Providing a full range of shopping facilities to meet local needs (and controlling the location of major new shopping facilities so that they do not undermine the ability of existing centres to be improved).

The City of Cardiff Local Plan (May 1995) states that the city centre must continually improve its facilities and offer a choice and full range of shopping opportunities in order to retain its attraction and viability and fulfill its role as a major regional shopping centre. Similarly, the City of Norwich Local Plan has a policy to support Norwich's regional shopping centre role and promote initiatives which can sustain and enhance the shopping attractiveness of the city. The plan goes on to say:

"In order to support this role, the City Council has adopted a hierarchical approach to proposals for new shopping development, along the lines of that advocated in PPG13 to enhance the accessibility of shopping opportunities for all. This Local Plan, therefore, makes provision firstly to strengthen the City Centre shopping function through the allocation and promotion of sites in and on the edge of the centre in Policies S2 and A2. Secondly, District and Local Shopping Centres are defined outside the centre and their vitality and viability are protected under policy S16. Provision outside centres is also allowed for, where there are gaps in existing convenience provision (policy S16) or where retail warehouse parks can provide for uses needing large sites and selling predominantly bulky goods (policy S21). However, such provision must not be at the expense of the vitality and viability of those centres or at the expense of those proposals which will support and enhance the centre's vitality and its regional function. These policies will have the effect of reducing the need to travel through encouraging linked shopping trips, ensuring a more equitable distribution of retail opportunities across the City and linking provision to public transport availability".

(City of Norwich Local Plan, December 1995)

There are many other examples of how Local Plans are seeking to support existing shopping centres. For instance, the Dacorum Borough Local Plan (April 1995) states that the main shopping hierarchy of town centres and local centres will be strengthened by:

- encouraging appropriate new retail development in existing centres
- retaining sufficient shops in these centres, and
- ensuring retail development elsewhere is complementary to the role of these centres.

Out-of-Centre Developments

A very high proportion of LAs (91 %) also have a policy regarding major or large-scale out-of-centre developments. As recommended by PPG6, such policies are usually criteria-based. An examination of Structure Plans shows that they generally contain a policy that out-of-centre developments will only be permitted where certain criteria apply, such as:

- they meet a need which cannot be accommodated within or on the edge of town centres
- there is no serious effect on the vitality and viability of a shopping centre
- the site is accessible by public as well as private transport
- the site is well related to the main road network
- there are no unacceptable traffic problems
- there is no loss of industrial or employment land
- the location is within the built-up area or limits to development
- there is no significant conflict with other relevant structure plan policies
- there are no adverse environmental effects (visual or amenity)
- there is adequate car parking and servicing

Typical examples of such policies in UDPs and Local Plans are as follows:

“Proposals for large stores will be considered having regard to:

- i the likely effect on the vitality and viability of any existing town or large local centre as a whole
- ii any identified quantitative or qualitative shopping deficiency in the locality
- iii the accessibility of the proposed store to those without private transport
- iv the effect on highway safety and local amenity; and in the case of proposed developments located separately from existing town and local shopping centres:
- v whether they are physically incapable of being satisfactorily accommodated within existing sites in established town or large local shopping centres

- vi whether they would prejudice other proposals in the plan, particularly provision for the protection of open land
 - vii whether they provide for the integration of community facilities, and
 - viii whether they contribute to the quality and range of shopping provision.
- Proposals involving the use of land allocated for business and industry will not be permitted".
(Kirklees Unitary Development Plan, Deposit Draft)

"The Council will not support the development of additional food superstores (over 2,500 sq.m. net) or household shopping centres within the District, with the exception of one additional superstore in Stirling. The redevelopment, or replacement of any of the existing superstores or household shopping outlets may be permitted, subject to the shopping provision in the District being positively enhanced. It must be shown that any new superstore or household shopping outlet:

- (a) does not prejudice the vitality and viability of existing shopping centres
- (b) enjoys good accessibility from the principal road network and can be served by public transport
- (c) does not have a significant adverse effect upon amenity or impair the District's natural or historic heritage
- (d) does not require substantial infrastructure investment by the public sector
- (e) does not create a shortage of land available for housing, business or industry
- (f) is within the existing or proposed urban area and makes a positive contribution to brownfield development
- (g) meets other local planning, parking and highway requirements.

(Stirling Local Plan, Deposit Draft)

Policy on large-scale convenience shopping in Bath is based on a shopping study which recommended that around 3,000 sq.m. (33,000 sq.ft.) net of additional bulk convenience store trading space could be accommodated by the year 2001. The policy allows for this amount of development subject to various criteria being met, the first of which is that:

"it can be demonstrated, taking account of other existing and/or proposed floorspace, that there will be no adverse cumulative impact on the vitality and viability of the district and suburban shopping centres as defined on the Proposals Map".

Other requirements concern design, car parking, public transport, traffic and so on.

Local plans often contain other policies concerning new shopping developments, notably that major shopping development will normally be acceptable within areas of new housing development. In some cases there are separate policies for retail warehouse parks selling bulky goods.

Therefore, within the Development Plan framework there is firm support for town and city centres, and policy for dealing with major or large-scale retail development outside town centres, both in Structure Plans and Local Plans. Not all Development Plans fully reflect the latest Government policy on retailing because they have been prepared at different times and it is difficult for local authorities to keep pace with

the rapid changes that have been made in PPG6 guidance. However, Development Plans have taken account of changes in Government policy guidance as they have become modified or reviewed, and there are signs that policy at the local level is already taking account of the latest guidance in the revised PPG6 concerning the promotion of town centres and the sequential approach to finding suitable sites for retail development. There is no question of there being standard policies for retail development; local circumstances will influence the nature of policy at the local level, but policy must be consistent with the national guidance.

What is 'Major' or 'Large-Scale' Retail Development?

LAs were asked in the survey how 'major' or 'large-scale' retail development is defined in their Structure Plan, UDP or Local Plan. Only 54 (37%) of those who responded showed that they specifically refer to a definition or a threshold figure for policy purposes. Slightly more LAs use the term 'large-scale' rather than 'major' development. PPG6 does not define these terms but the guidance on assessing major shopping proposals refers to developments of over 2,500 sq.m. net trading floorspace as being the threshold for requiring evidence on retail impact.

'Large-scale' or 'large' retail developments cover an extremely wide range of sizes. A few LAs regard 'large' as being as small as 500 sq.m. and several use 1,000 sq.m. But the definition is generally 2,000 or 2,500 sq.m. (usually gross) or 25,000 sq.ft. Occasionally, larger thresholds are used, eg. 4,000 sq.m. in Bromley. The larger figures tend to apply in metropolitan areas. At the upper end of the range, Cambridgeshire CC define large-scale as a shopping development of over 10,000 sq.m. (108,000 sq.ft.) net floorspace and Surrey CC use a figure of 10,000 sq.m. gross. Some Districts note that they use the same figure as that adopted in the Structure Plan for their area.

'Major' tends to be defined as being retail development of 1,000 sq.m. (gross or net) with a few LAs using 500 sq.m. or 1,500 sq.m. The largest definition from the survey is 2,000 sq.m. Dorset CC's Structure Plan states that the scale of development will have a different impact depending on its location.

“In the Bournemouth/Poole conurbation, developments of greater than 2,000 square metres are considered major whereas in the predominantly rural areas of the majority of the County, the policy should be applied to developments of over 1,000 square metres”.

(Dorset County Structure Plan, November 1995)

‘Major’ shopping development has also been defined as:

“that which is of a size that would serve areas and attract a significant number of customers from outside the neighbourhood in which the development is located”.

(Scarborough Local Plan, July 1995).

Some LAs refer to ‘significant’ developments rather than large-scale or major, but with similar thresholds of generally 1,000 to 2,500 sq.m. In Norwich, for instance, the definition used is “development which would result in significant change in the balance and location of shopping; over 1,000 sq.m. for convenience shopping and over 2,000 sq.m for retail warehousing”. The Winchester District Local Plan says that the local planning authority will not normally permit further significant shopping development in or around Winchester; ‘significant’ retail development is taken to mean development in excess of 2,500 sq.m. gross floorspace.

Another term used by LAs is ‘substantial’ development. The South Ribble Local Plan has a policy restricting further retail development outside the main town centre and district centres unless the proposal comprises substantial retail development which satisfies a list of criteria similar to those used in other Local Plans. The justification for this policy makes it clear that it is intended to apply to retail warehouses which cannot be accommodated satisfactorily in the established centres.

There is considerable confusion between gross and net floorspace in the figures referred to by LAs. This is potentially a difficult problem for LAs if definitions are not stated clearly in Development Plans. The distinction between gross and net can be quite significant, particularly in the case of food stores in which a third of the gross floorspace may be used for non-retail purposes (storage, food preparation, offices, etc).

The relatively high proportion of LAs who do not use a stated floorspace definition for major retail development reflects the emphasis that is placed on qualitative rather than quantitative factors in assessing proposals for new retail development.

Some LAs do not state a floorspace definition because they are guided by the definitions set out in PPG6. Likewise, in Scotland, the survey shows that there is considerable reliance on the previous (1986) version of the NPPG on Location of Major Retail Developments. The NPPG states that:

“These guidelines concern retail developments with a net area in excess of 2500 square metres where food shopping predominates and 1000 square metres where non-food shopping predominates” (Scottish Development Department, 1986).

In the latest revision of the Scottish guidance, NPPG 8 on Retailing (April 1996), the floorspace above which applications for major retail developments should be supported by a retail impact assessment has been increased to 5,000 sq. metres gross.

It has also been pointed out in the survey that PPG6 advises LAs that policies should not attempt to prescribe rigid floorspace limits for new retail development. Even those LAs who have a floorspace definition do not always regard it as an absolute threshold, but as a guide to judging what is significant.

There is a widespread view among LAs that the interpretation of what is a major retail development will vary according to its location. What comprises a large store depends on the size of settlement to which it relates. A small supermarket may be regarded as a large store in the context of a small settlement. Certainly, a relatively small development could have a significant impact on a small centre. Gloucestershire CC note that a small retail store would not be a strategic issue in an urban area but probably would be in a small Cotswold town. Similarly, referring to the PPG6 definitions, the Humberside Structure Plan states that due to the wide variety of shopping centres within the County, schemes of a much smaller scale could seriously affect the vitality and viability of such centres. Therefore, each out-of-centre retail proposal should be considered in relation to the size and function of the nearby centres. PPG6 recognises that retail impact assessments, although normally required for developments of over 2,500 sq. metres,

“may occasionally be necessary for smaller developments, such as those that are likely to have a large impact on a market town or district centre, depending on the relative size and nature of the development in relation to the centre” (PPG6, paragraph 4.13).

A further point that has been made by several County Councils (notably Derbyshire, Hereford and Worcester, and Staffordshire) is that not specifying a definite lower limit for floorspace allows the District Councils to determine whether a particular proposal is 'major' with regard to local circumstances. It is clear from the survey that many LAs have interpretations of major or large-scale retail development which are inconsistent with the latest guidance in PPG6 (and NPPG 8 in Scotland). The ongoing review of Local Plans and UDPs will provide an opportunity for these LAs to come into line with the latest guidance.

6.3 Views of Local Authorities on Retail Impact Assessment

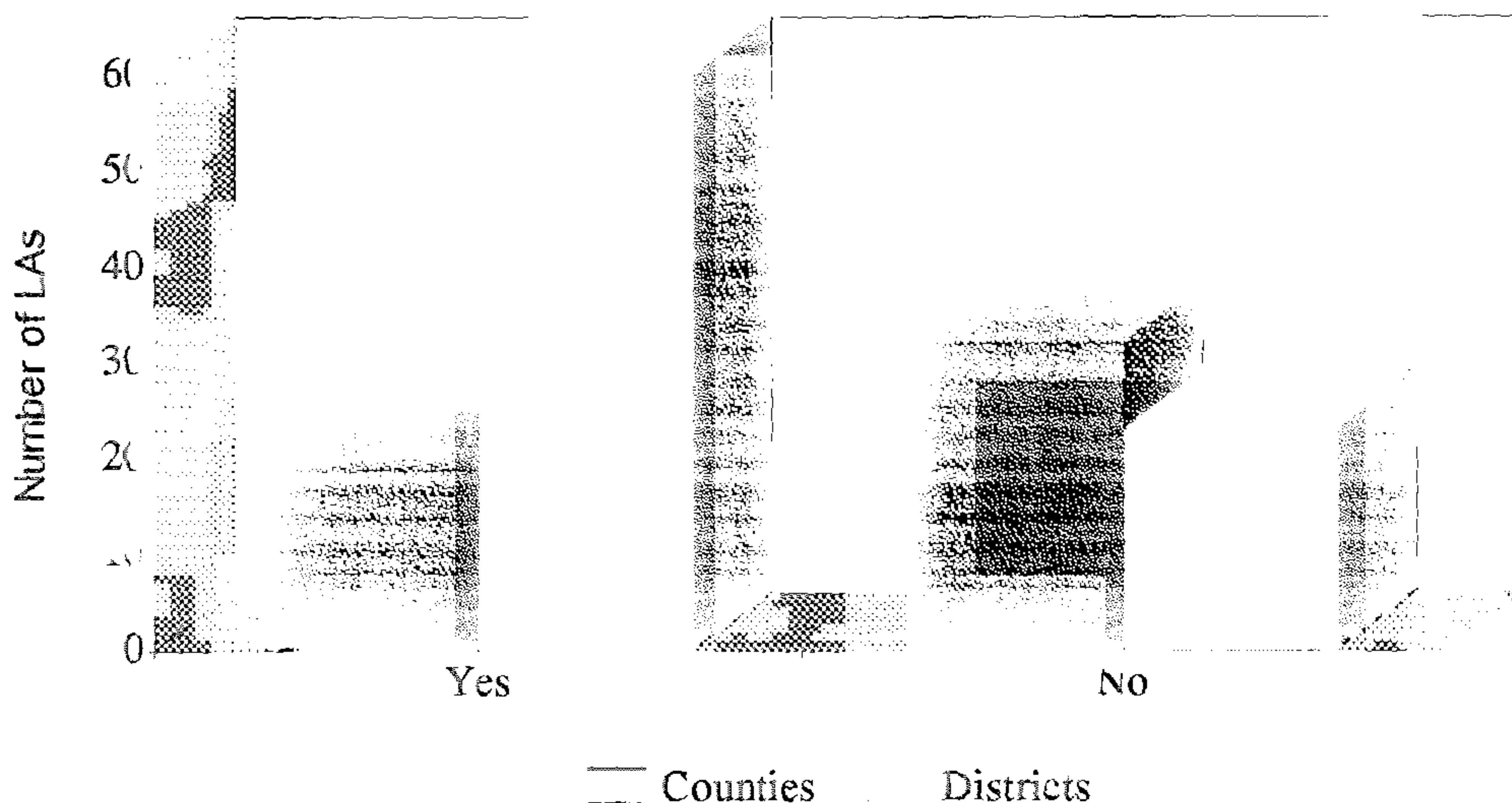
The survey included a series of questions on LAs' views about RIA. The questions covered the following issues:

- whether there is policy backing for LAs to ask for a RIA
- whether LAs seek independent audits of RIAs
- general opinions on the quality of RIAs, and
- ways in which RIAs could be improved.

Policy Backing for RIA

LAs were asked "Do you have a requirement for applicants proposing major retail development to submit a retail impact assessment? The results are shown in Figure 6 overleaf.

Figure 6: Requirement for RIA



Most LAs (60%) have a requirement for applicants to prepare a RIA as part of their planning application submission. The extent to which this is a requirement varies between Counties and Districts. A relatively low proportion of Counties (37%) expect RIAs to be produced, but it has to be recognised that Counties are not the local planning authority and so cannot insist that applicants produce a retail impact statement. Several Counties pointed out that it is implicit in the wording of Structure Plan policy that in practice a RIA would normally be expected. For example, the Cambridgeshire Structure Plan states:

“The local planning authorities will require major proposals to be accompanied by an assessment of retail impact on relevant centres”.

The vast majority of District Councils do require applicants to produce a RIA, and this is usually laid down in UDP or Local Plan policy. The Wolverhampton UDP has a policy as follows:

“The Council will require a retail impact assessment in connection with all major retail development proposals where there is the possibility of significant effects upon the viability and vitality of town or district shopping centres. Such assessments will include:

- (a) the expected retail turnover of the proposed development
- (b) the associated loss of potential turnover by existing centres
- (c) the consequent implications for the viability and vitality of the centres concerned”.

(Wolverhampton Unitary Development Plan, September 1993)

Likewise, the Hambleton District Local Plan states:

“A shopping impact assessment will normally be required to be submitted with any planning application for large out-of-centre retail developments” - defined as about 16,000 sq.ft. (gross).

Independent Audits of RIAs

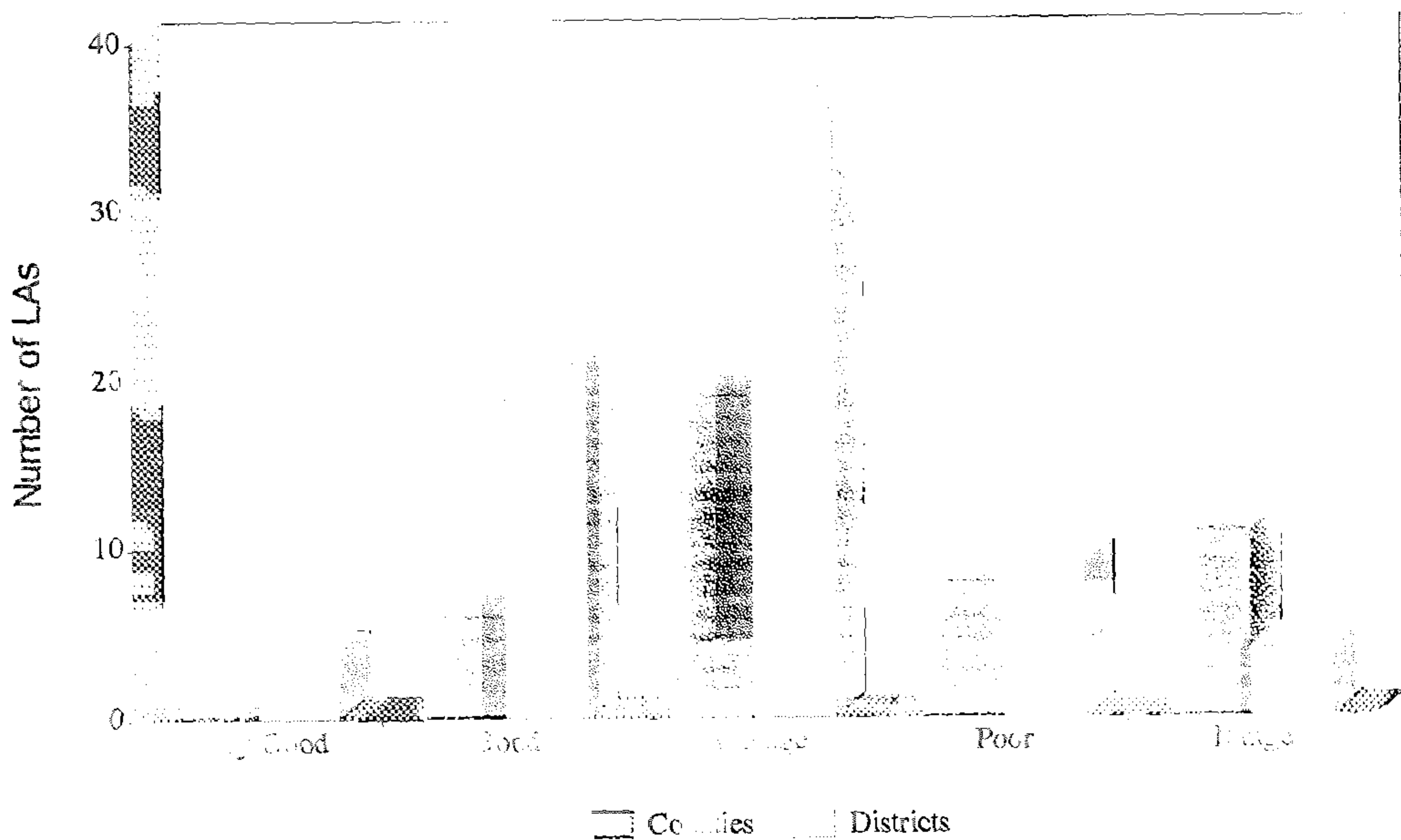
LAs were asked whether they commission independent audits of applicants' RIAs. It is becoming increasingly common for LAs to want a second opinion on the impact of a proposed development by commissioning consultants themselves to make an independent audit of the RIA that has been submitted. From the survey, the District Councils responding were evenly split between those who do and those who don't opt for an independent audit. There is no clear pattern to the results; the answers do not seem to be influenced by size of LA, at least in England. Those Districts that do use consultants are mostly in the South whilst those that don't use consultants are much more widespread geographically. Most Districts who responded from Scotland and Wales said they don't use consultants to carry out such audits. The wider use of independent audits is discussed in Chapter 11 on Best Practice.

Opinions on RIAs

A straightforward question was asked on whether LAs think that RIAs are useful in principle. Not surprisingly, all but 3 of the LAs who responded said Yes. In itself this is not a very significant result but it shows that there is overall acceptance of the need to assess retail impact.

The question was then asked "What is your opinion of retail impact statements submitted by applicants?", indicating whether they are Very Good, Good, Average, Poor or Very Poor. The results are shown in Figure 7 overleaf.

Figure 7: LA Opinions of RIA



Almost half of the LAs who responded to this question thought that the standard of retail impact statements was Average. This is perhaps to be expected on a five point scale, but it is significant that more LAs thought they were Good rather than Poor, and four LAs even rated them Very Good. No-one answered Very Poor. It can be seen that Districts have a generally higher opinion of RIAs than Counties, with 82% of Districts regarding them as average or better. Only 11% thought RIAs are poor. Counties appear to have a more cautious attitude, which is reflected in the fact that a quarter of the Counties said that RIAs vary in quality. Of those LAs that thought there is a range, the comments were that some RIAs are good and some not; they are very mixed or variable; or it is impossible to generalise. It was also mentioned that the quality depends on the applicant or consultant, and that the larger the development, the more comprehensive the retail impact study.

The results show that, according to the views of LAs, the overall quality of RIAs needs to be improved and this is covered in more detail in the next section.

How could RIAs be Improved?

LAs were asked in what ways the assessment of retail impact of proposed developments could be improved. The answers are tabulated below in rank order.

LA replies on how RIAs could be improved

	Counties	Districts	Total
Need for better/ more up-to-date retail statistics at local level	13	7	20
RIAs should be more independent/ objective/ impartial	8	9	17
Need for surveys of local shopping patterns/ catchment areas	8	5	13
Less bias in favour of the development	5	5	10
More co-operation between applicant and local authority	5	2	7
More emphasis on vitality and viability indicators	4	2	6
Transport/ traffic/ environmental issues	4	2	6
Need for standard/ consistent methodology	3	2	5
More information from retailers eg. on turnover	4	1	5
Range of scenarios/ assumptions (sensitivity)	0	4	4
Consideration of cumulative impact	1	2	3
Post-development studies to check assumptions/ accuracy	2	1	3
More scientific/ less subjective assessment of trade diversion	1	1	2
Assumptions must be supported/ justified	2	0	2
Studies should be commissioned by LAs but paid for by applicants	2	0	2
Show total effect of development, not just on nearest centres	1	0	1
Total Responses	63	43	106

Almost all LAs expressed an opinion on this topic. Two major conclusions are evident from the responses:

(1) The availability and quality of information used in RIAs is clearly inadequate. Over a third of all comments referred to the need for better information at local level or the need for local surveys of shopping patterns.

(2) LAs are also very critical of the bias and lack of impartiality shown in RIAs produced by consultants. Almost a third of all comments mentioned this as a problem.

Although individually not as significant, there are several points emerging from the answers concerning RIA methodology. In combination the points relating to consistency of approaches, less subjectivity, range of assumptions, justification of assumptions, and cumulative impact represent 16% of the overall comments.

Counties expressed a particular concern about the problems of retail information, with 40% of their responses on this point. Districts are also concerned about data problems but are generally more concerned about the objectivity of RIAs. It is

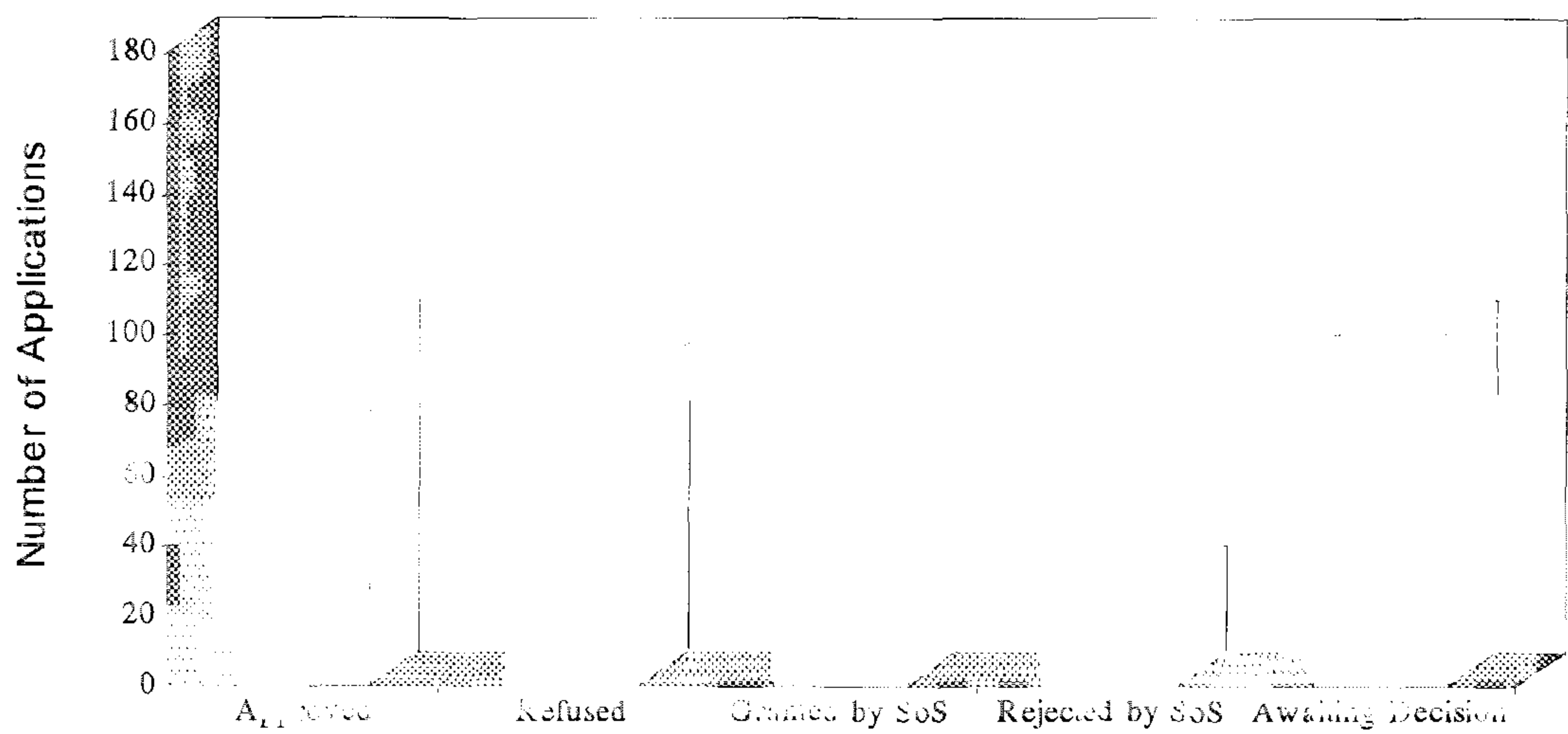
Districts who have to understand and interpret the findings of retail impact statements to help in making judgements about planning applications. Most of the comments from Districts are about the practical issues of how accurate these retail impact statements are. There are many important lessons to be learnt from these results and they are referred to again in Chapter 11 in discussing best practice in the application of RIA.

6.4 Evidence of Retail Impact

Planning Applications for Major Retail Development

A series of questions was included in Part 2 of the survey asking District Councils about their experience of decisions on major retail developments and their views on the impact that retail developments have had on town centres. To provide the context for this analysis, LAs were asked how many planning applications for major retail development since July 1993 have been approved, refused, granted on appeal/call-in or rejected on appeal/call-in (or are awaiting decision). The overall results are shown in Figure 8 below.

Figure 8:
Proposals for Major Retail Development



In the LAs surveyed, which represent 1 in 4 Districts nationally, excluding those applications awaiting decision (24%), the majority of applications for major retail development were approved (55%) and 28% refused. The remaining 17% were the

subject of appeals or call-ins and, of these, slightly more were rejected than granted. The success rate is 42%. In Chapter 8 these figures are compared with the success rate for applications which have been decided on planning appeals.

Refusals on Impact Grounds

LAs were asked “have any retail developments in the District been refused because of their potential impact on a town centre?” This question was not intended to apply just to decisions since 1993 and it has been interpreted correctly by Districts because 56 Districts answered Yes, compared with only 38 who said they have refused planning applications for major retail development since July 1993. 66% of LAs have made refusals on impact grounds. There are no significant differences in the rate of refusals geographically. The pattern of Districts who have made refusals on impact grounds corresponds closely with the number of respondents to the survey.

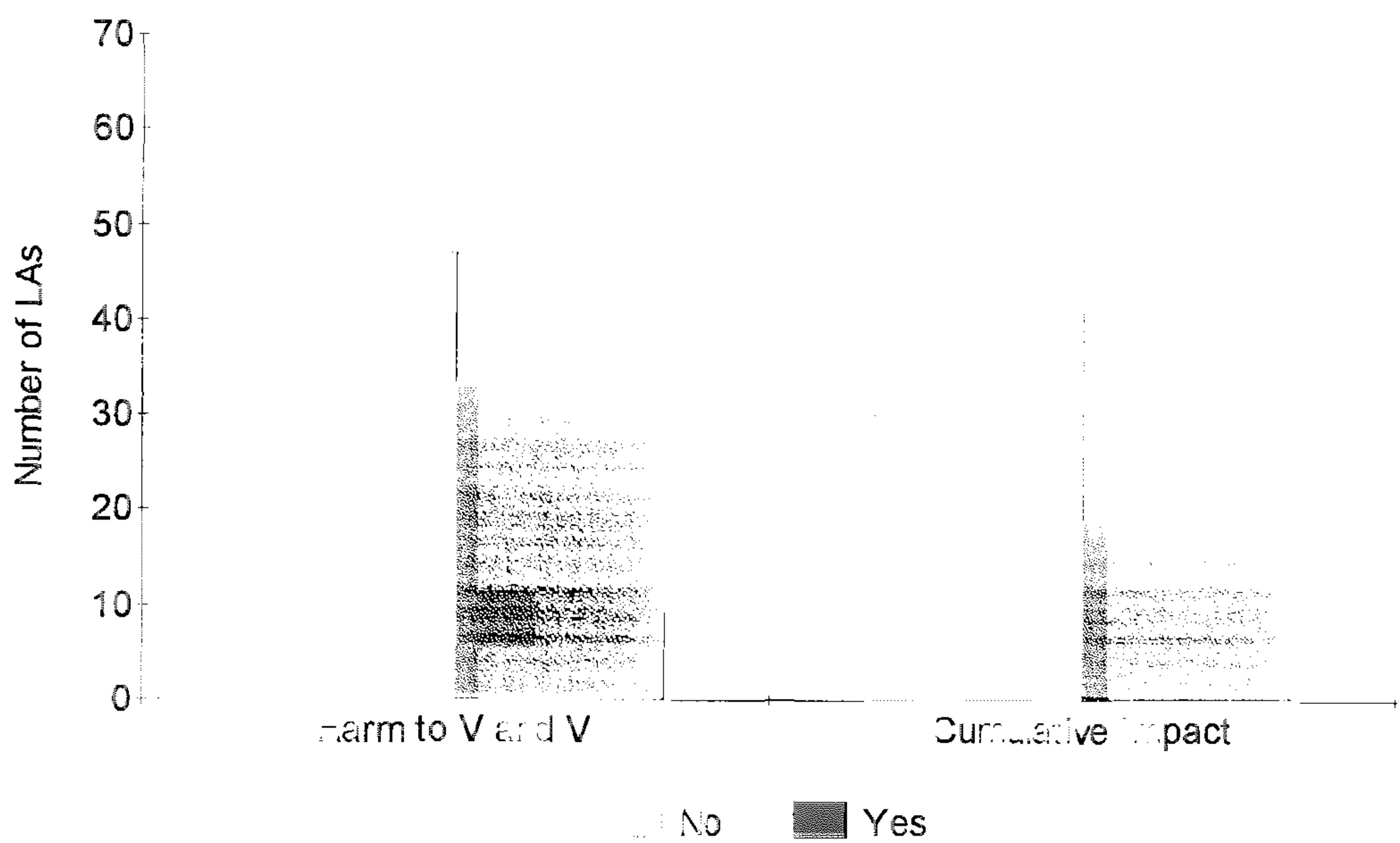
Harm to Vitality and Viability

LAs were next asked “have any retail developments taken place which have harmed the vitality and viability of a town centre?” They were asked to indicate the location of the development which has resulted in such impact. Figure 9 shows that 35 Districts (42% of respondents) answered Yes. This is a significant proportion and it suggests that the impact of new shopping developments on existing centres is of great concern to local planning authorities. About half of the LAs who said they have experienced retail impact are located in the South of England, which is a slightly higher proportion than is represented in the sample, but generally there are no significant geographical variations in the results. Apart from a few large towns and cities such as Doncaster, Wolverhampton, Norwich and Cardiff, the vast majority of LAs who reported evidence of retail impact are moderate-sized Shire Districts.

Most LAs who indicated that there has been harmful impact referred to the effects of out-of-town superstores and retail parks on town centres. Two specific factors were identified by several LAs:

- (1) the impact of large out-of-town centres on nearby town centres, notably:
 - the impact of Merry Hill on Bromsgrove and Wolverhampton
 - the impact of Lakeside, Thurrock on Southend
 - the impact of The Gyle Centre, Edinburgh on Dunfermline
- (2) the effect of retail developments which have taken place outside the LA area, ie. competition between neighbouring towns.

Figure 9: Evidence of Retail Impact



The findings on harm to vitality and viability are higher than would be expected from previous research evidence that new development has not had a serious impact on existing centres. Trading problems in town centres can be the result of a wide range of factors related to social and economic trends rather than the effects of a new development. The survey results represent the observations of local authority planners about experience in their local area and it is not possible from the survey to establish the extent to which there is hard evidence of harmful impact.

Cumulative Impact

Figure 9 also shows LAs' response to the question "is there any evidence that recent shopping developments have resulted in cumulative impact on a town centre?" Of the 35 LAs who said that there has been harm to a town centre, 21 (25% of all responses) indicated that there was evidence of cumulative impact. In this instance there is much less of a concentration of LAs in the South. It appears that most of the LAs who have experienced cumulative impact are larger authorities in all parts of the country and LAs which are located close to the main conurbations where most of the out-of-centre food superstores and retail parks have been built. Those LAs who indicated that their town centres have experienced cumulative impact referred in particular to:

- increases in vacancy levels
- the loss of furniture, electrical and DIY stores
- a reduction in the range of goods available
- planned redevelopment schemes not proceeding.

6.5 Local Authority Initiatives for Retail Development

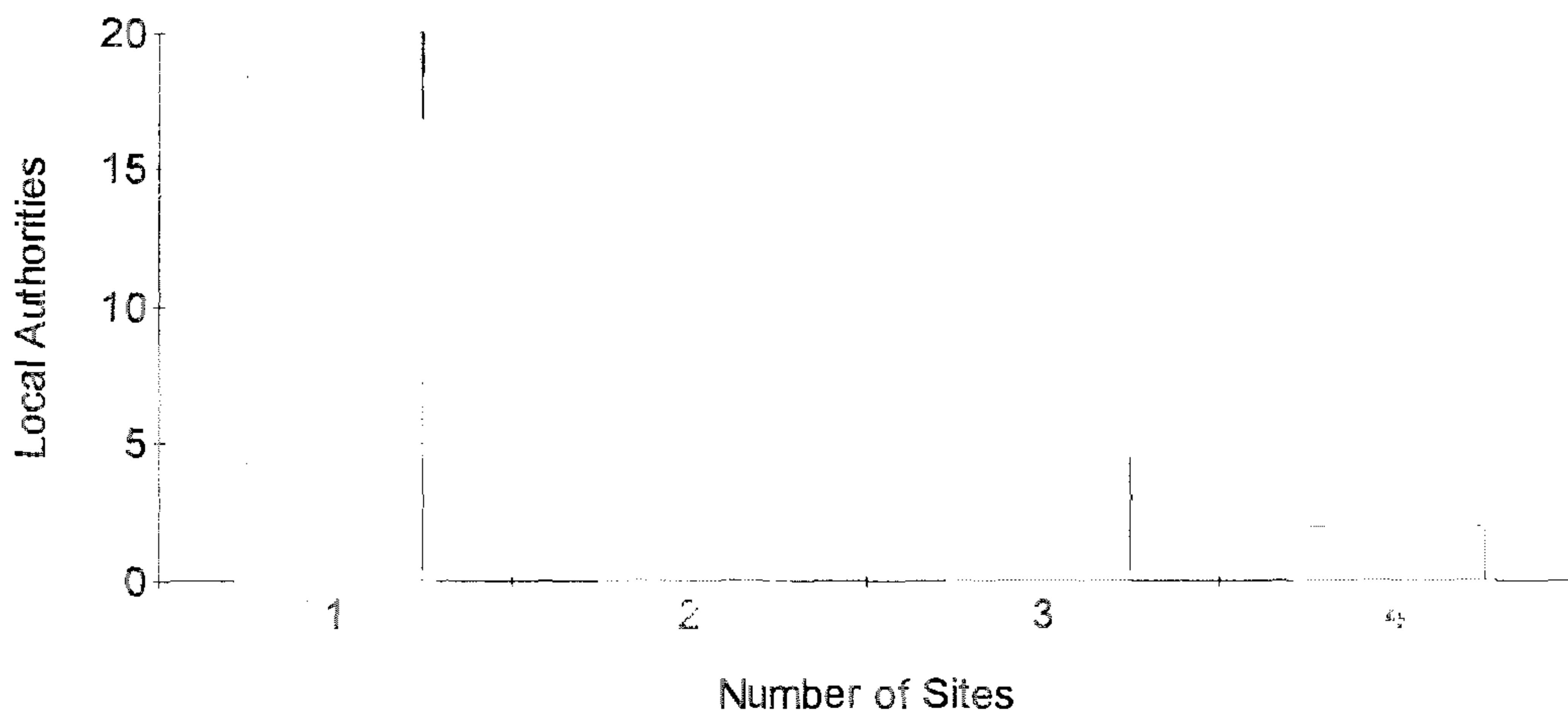
LAs have an important role in the retail development process. In particular, they are able to allocate sites for retail development and they are increasingly becoming involved in initiatives to make town centres more attractive through direct action aimed at town centre regeneration. This section provides a factual background to the discussion of the 'plan-led' approach and town centre management which follow in Chapter 7 on Current Issues in Retail Planning.

Allocation of Sites

The survey asked District Councils "Does the Local Plan/UDP allocate any sites for major or large-scale development outside shopping centres?" Of 86 local authorities who answered this question, 52 said No and 34 said Yes. The relatively low proportion who have outside town centres. The emphasis in PPG6 on the plan-led approach and edge-of-centre sites is likely to result in fewer sites being allocated.

The pattern of allocation of sites in Local Plans and UDPs is shown in Figure 10.

Figure 10: Sites Allocated



Most local authorities (62%) have allocated just one site. Those local authorities which have allocated several sites tend to be cities or larger towns eg. Glasgow, Doncaster, Kirklees, and Watford. For instance, the Doncaster UDP has a policy to allow for two new food superstores, both of which are developments which already have been granted planning permission (one on appeal). The City of Norwich Local Plan has a policy to support and promote major convenience goods stores on two sites on the edge of the city centre. The Ogwr Local Plan in South Wales allocates four sites for large-scale retail development, two of which are out-of-town schemes granted planning consent adjacent to Junction 36 of the M4 motorway at Sarn, and the other two are out-of-centre developments which have also been granted consent in Bridgend.

However, it is significant that of the sites allocated for retail development outside town centres, only one-third are sites with planning permission and two-thirds are new allocations. Also, most of the sites allocated are for retail warehouses and retail parks outside town centres, rather than for superstores.

Town Centre Regeneration

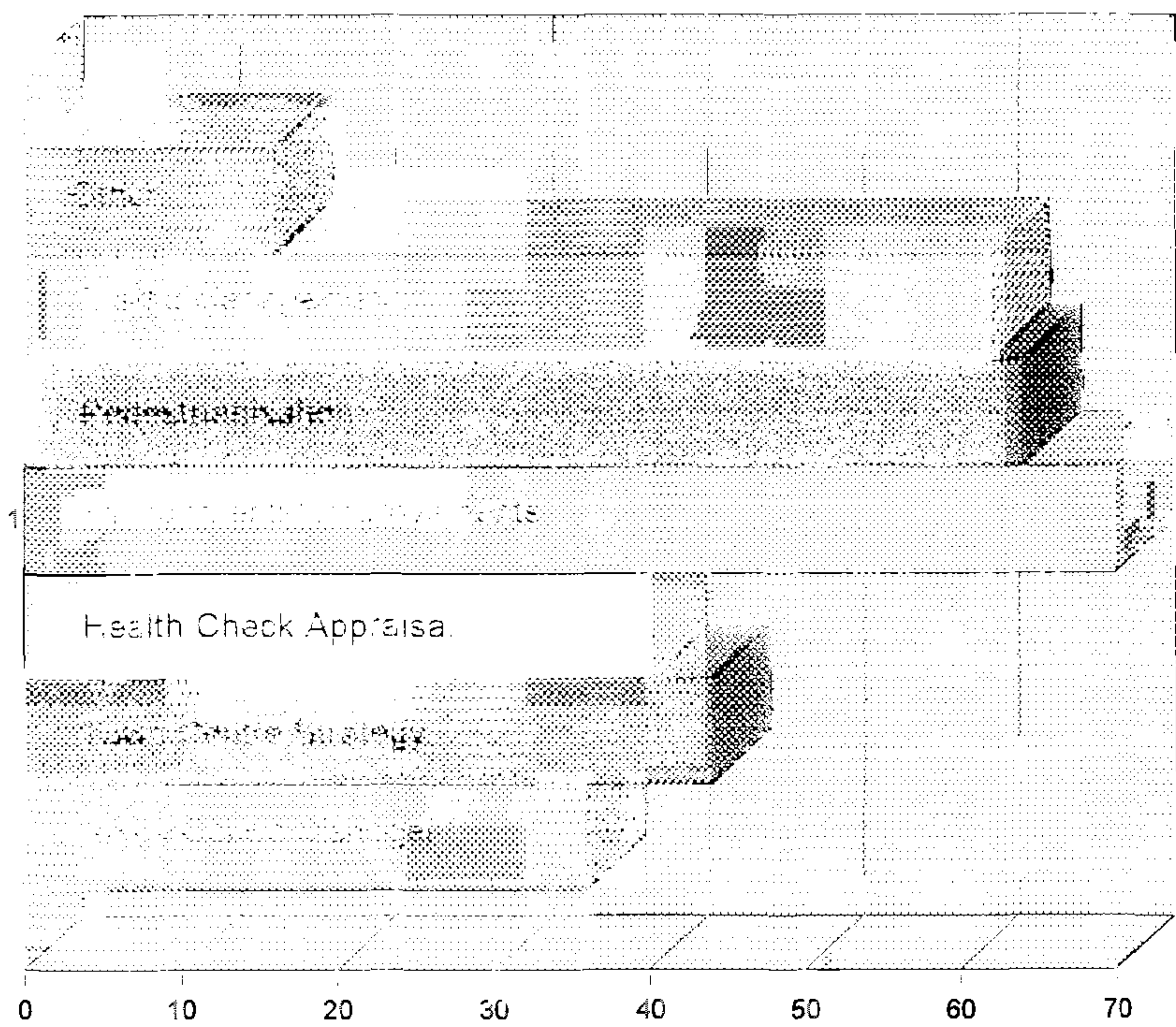
The survey also included a question on town centre regeneration. It asked “which of the following steps has the local authority taken to promote town centre management?”

- appointment of a town centre manager

- preparation of a town centre strategy
- a health check appraisal
- environmental improvements
- pedestrianisation
- traffic management
- other

This question was answered by a total of 84 District Councils (Metropolitan Districts, London Boroughs, and Borough/District Councils in England, Scotland and Wales), of which 79 said they had introduced town centre management initiatives. The results are shown in Figure 11.

Figure 11: Initiatives by LAs in the the Survey



Almost all the local authorities who responded (87%) have made environmental improvements in their town centres. A very large proportion (81%) have carried out pedestrianisation and almost as many (77%) have introduced traffic management. A smaller but still significant proportion (54%) have prepared a town centre strategy and 51% have undertaken a health check. Only 44% have so far appointed a town centre manager but several local authorities said they are considering doing so. Of those local authorities which mentioned “other” initiatives, a number of interesting measures were noted such as car parking

improvements, CCTV, town centre forums, shopping centre refurbishment, and town centre promotion.

These types of initiatives have been introduced in all parts of the country and by all types of local authorities. However, the greatest enthusiasm appears to have been shown by the Shire Districts in England, and particularly in the South and Midlands. The extent to which regeneration is taking place in the Metropolitan Boroughs and in London, according to this survey, is significantly less. It is interesting to look at the types of towns where the greatest progress has been made. On the whole, they tend to be towns rather than cities and include many market towns as well as seaside resorts. There is no correlation between those local authorities which have taken action on town centre regeneration and those that have experienced harm to the vitality and viability of their town centres through new retail developments. This appears to confirm the view that regeneration measures are being taken more because of the need to promote town centres rather than because of competition from out-of-centre developments.

6.6 Summary

A comprehensive postal questionnaire survey was undertaken in 1995 of 165 LAs in England, Scotland and Wales, including all Counties and a stratified sample of 1 in 4 Districts. A response rate of 88.5% was achieved. The survey covered shopping policy, LAs' views on RIA, evidence of retail impact on town centres, and town centre management initiatives by LAs.

The survey results show that within the framework of Structure Plans, UDPs and Local Plans, there is firm support for town centres and policy for controlling major retail development. Almost all LAs have Development Plan policies to support the vitality and viability of existing town and city centres, which are generally consistent with the advice in PPG6. A very high proportion of LAs also have policies regarding major or large-scale out-of-centre developments, usually criteria-based and referring to retail impact. The definition of major or large-scale

development varies considerably, and many LAs do not use a stated floorspace threshold, preferring to interpret what is major according to local circumstances.

Most LAs, particularly Districts, have a requirement for applicants to prepare a RIA to accompany a planning application for major retail development. About half the District Councils who responded said they commission independent audits of RIAs submitted by applicants. The opinion of most LAs is that the RIAs submitted are average or good, but there is clearly room for improvement. Districts have a generally higher opinion of RIAs than Counties.

Views were expressed on how RIAs could be improved. The most important factors are the need for better/more up-to-date retail statistics at local level, and the need for RIAs to be more independent/objective/impartial. Concern was also expressed about the need for improvements in RIA methodology.

55% of planning applications for major retail development determined by LAs in the survey were approved and 28% refused, the remainder being subject to appeal/call-in. Two-thirds of LAs have made refusals on retail impact grounds.

42% of LAs responding indicated that retail developments have taken place which have harmed the vitality and viability of a town centre, particularly large out-of-town developments. Most of these LAs said there was evidence that recent shopping development had resulted in cumulative impact on a town centre, resulting in closures of shops and a reduction in the range of goods sold.

The survey of local authorities shows that 40% of District Councils have allocated sites in their UDPs and Local Plans for new retail development outside town centres. Almost all LAs have introduced town centre management initiatives, mostly to promote town centres rather than because of concerns about the effects of new development on the vitality and viability of these centres. These initiatives include enhancements in shopping facilities, environmental improvements, pedestrianisation, traffic management and the appointment of town centre managers.

7. CURRENT ISSUES IN RETAIL PLANNING

The survey of local authorities has shown that there are a great many concerns among local government planners, not just about retail impact assessment, but about the pressures for retail development and the effects of new developments on established centres. In this chapter, current issues in retail planning are identified and discussed. These issues are relevant to later chapters which deal with the practical application of RIA and how approaches to assessing impact could be improved. They also reflect the changes in emphasis which are taking place in retail planning policy in Britain as central and local government respond to rapid changes in retailing in the 1990s.

7.1 Identification of Key Issues

Many issues currently face the planning system in dealing with retailing in Britain. Some of these issues emerge from the reviews of retail trends and developments, and the policy context, presented earlier. Other issues arise from the problems and concerns expressed by local authorities in the previous chapter, and their response in terms of shopping policy in development plans. Three general issues can be identified which currently represent a major challenge to the planning system.

(1) How can the planning system keep pace with retail trends?

Changes in retailing occur faster than the planning system can respond. Planning policy tends to follow behind, chasing rather than guiding. The major pressure for change in retailing has been decentralisation. Three waves of retail decentralisation have already been referred to in Chapter 2, which have occurred in Britain during the 1970s and 1980s:

- the development of major food stores outside town centres
- the growth of retail warehouses selling bulky non-food goods
- major out-of-town regional shopping centres selling mostly comparison goods and competing directly with town centres.

A fourth wave is now also emerging in the form of factory outlet shopping centres, also in out-of-town locations.

Other factors which have been identified in Chapter 2 are also important, such as socio-economic trends (rising car ownership, suburbanisation of the population, growth in consumer expenditure, and changing lifestyles) and changes in the retail industry itself. Pressures for out-of-centre development seem likely to continue despite current government policy.

“Over the last 30 years, competition to meet the wants of consumers in a period of considerable social change has fundamentally altered the shape of retail markets” (Burke and Shackleton, 1996, p7).

(2) How can we reverse the decline of town centres?

Some town centres and district centres are in decline. Some have experienced a serious loss of trade because of new developments and some have failed to attract investment. It is often thought that town centre decline or poor performance is due to excessive competition from out-of-town retailing. That is true in a few cases, such as Dudley or Sheffield, but is not generally so (Baldock, 1996). The view is widely held that some older city centres had been in decline long before the arrival of out-of-town competition. Out-of-town centres may have accelerated change, but they did not initiate it. Town centres have generally failed to provide the quality of shopping environment demanded by consumers.

As part of the research study by URBED on ‘Vital and Viable Town Centres: Meeting the Challenge’ (1994), an extensive postal survey was carried out of the opinions and judgements of local planning authorities in England and Wales on the current state and immediate future of town centres. In response to a question about the overall health of town centres, the vast majority said they were vibrant, improving or stable. Only a fifth said they were in decline. It may be then that the current concern over the apparent decline of Britain’s town centres has been overstated. However, the results did reveal that specific types of town have been more severely affected by decline than others. These are the older industrial and commercial towns, and suburban centres (Simmie and Sutcliffe, 1994).

Whether they are in decline or not, it is certainly the case that town centres face pressures. Changes in planning guidance have come too late for many small

businesses and specialist food retailers who have suffered from the growth of superstores in particular. As well as the continuing decline in the number of small retailers, there are pressures resulting from the trend towards retail services (dry cleaners, pharmacies, post offices, etc) in large supermarkets. The pressures also have to be viewed in relation to the economic outlook of low growth. The effects of decentralisation can be seen but it also has to be accepted that there has been a lack of attention to the positive promotion of town centres. Town centres need to be promoted and managed if they are to compete effectively with out-of-town centres. Government policy has moved towards the need to promote, not just protect, the vitality and viability of existing town and suburban centres, through both the development plan process and through decisions on individual planning applications.

(3) What are the implications of Government policy on sustainability for retail development and town centres?

Concerns arose in the 1980s over the increasing consumption of natural resources and pollution of the natural environment. This has led to a concern for 'sustainable development', that is development which does not lead to the depletion of non-renewable energy sources. The aim of sustainable development is to search for a path of economic progress which does not impair the welfare of future generations. Related to these concerns is the idea that urban development should be designed so as to reduce the need for car travel (Guy, 1994). Government policy on sustainable development was set out in the previous version of PPG1 which stated:

"The Government has made clear its intention to work towards ensuring that development and growth are sustainable. It will continue to develop policies consistent with the concept of sustainable development. The planning system, and the preparation of development plans in particular, can contribute to the objectives of ensuring that development and growth are sustainable. The sum total of decisions in the planning field, as elsewhere, should not deny future generations the best of today's environment" (DoE, March 1992).

The current PPG1 (February 1997) continues to emphasise the contribution of the planning system to achieving sustainable development. Comments are made in Section 7.5 on what has been achieved so far towards this aim.

7.2 Decentralisation of Retailing

Decentralisation of retailing has occurred through the development of supermarkets, superstores, retail warehouses and parks, and purpose-built out-of-town centres. Most food shopping and bulky goods shopping is now done outside town centres. Decentralisation has taken place over a period of 30 years and has affected existing centres in different ways. In certain areas all these trends towards decentralisation will interact to produce a larger combined effect on particular centres. This is recognised in government policy which provides for the call-in of not only individual schemes of more than 2,500 sq metres but all schemes which in aggregate with other proposals over the last 5 years and within a 10 mile radius exceed 20,000 sq metres (Parsons and Sherman, 1994). The major movement out-of-town has been largely driven by developers and not retailers, apart from in the food and bulky goods sector. Certainly, the regional shopping centres have typically been developer-driven, and at weak points in the planning system. The Metro Centre and Merry Hill, significantly, were all built in Enterprise Zones (Pope, 1996).

The dominant urban trend in post-war Britain according to Breheny (1993) has been the ongoing decentralisation of population and jobs away from the larger cities to small towns and villages. Some commentators regard this as counter-urbanisation, ie. not simply a process of extended suburbanisation but a definite rejection of urban living. The trend towards decentralisation of retailing is part of the same pattern of social and economic change. It is probably unrealistic to expect that the High Street will once again become the exclusive retail heartland of our towns and cities. It is better to accept change and work with it. Decentralisation of retail activity may offer

“the possibility of a different kind of urban society, one on which the physical focus of the community is no longer predominantly commercial but rather takes on more of a cultural and recreational role - a point of social and cultural convergence, rather than one founded primarily on commercial relations” (Tiffin, 1996, p22).

The effect of decentralisation may be that town centres will increasingly serve opposite ends of the market - upmarket speciality shops for the affluent, and convenience/discount shopping for the elderly, poor and those on benefit who

cannot afford to travel.

Chase and Drummond have examined the growing threat to town centre shopping arising from decentralisation. They note that many British cities have developed more along North American rather than European lines, even though our cultural heritage is essentially European. The decline of the town centre is seen as part of a broader, long term trend towards an increasingly suburban lifestyle. They present two alternative planning scenarios for the Millenium:

(1) 'Laissez-faire - the suburban society'. The retailing industry will lead the way to cheaper quality shopping out-of-town and the long term decline of town centres.

(2) 'Intervene and invest'. A national planning policy linked with properly resourced town centre authorities will create a climate for confidence in town centres. Retailers and investors will continue to dominate but they will have a much wider spread of interest in all town centres.

Planners and developers are urged to look away from the North American scenario to the European model, with a more interventionist approach to retail planning (Chase and Drummond, 1993).

Decentralisation will no doubt remain a major issue in retail planning. Further out-of-town regional centres are still in the pipeline and there are hundreds of planning consents for other out-of-town developments. PPG6 cannot alter this situation other than to urge local authorities to consider the implications of new or emerging development plan policies designed to sustain and enhance town centres when existing consents for out-of-town development come up for renewal. It has been estimated that a third of all retail expenditure is now in out-of-town centres. In the light of this, should we allow further decentralisation? Some basic questions need to be asked:

- what should our attitude be towards new superstores in out-of-centre locations?
- should we be concerned about new forms of comparison goods shopping that take trade away from town centres?
- how seriously have town centres suffered because of decentralisation?

These questions are addressed in Chapter 8 in discussing the impact of different types of retail development.

7.3 The Plan-led Approach

The planning system has been ‘plan-led’ since the advent of Section 54A of the Town and Country Planning Act 1990. PPG6 emphasises the need to regenerate our city, town and district centres using a ‘plan-led approach’ to guide development. As was explained in Section 5.6, Annex B in the guidance gives advice on development plans and sets out points to be taken into account in preparing structure plans and local plans. As well as offering this policy guidance, PPG6 recommends how local authorities should identify sites for retail development. In summary, it says:

- local plans should identify a range of suitable sites to meet demand
- local planning authorities should adopt a sequential approach to selecting sites for new retail development; the first preference is for town centre locations, then edge-of-centre.
- a town centre strategy could be prepared as part of the local plan process.

The plan-led approach is now established as a policy mechanism but it will take time for plans to respond to the new guidance. In the meantime there is concern among retailers about the availability of sites for retail development. In many town centres the easy and best located sites have already been developed, and all that is left are peripheral sites. The alternative may be incremental development, such as infill, and extensions to existing shop properties and selective, often small-scale redevelopment (Baldock, 1996). For the plan-led approach to succeed, local authorities must be pro-active in identifying town centre sites and those sites must be realistically capable of being implemented within the lifetime of the Local Plan. UDPs/Local Plans must provide a clear lead in meeting future shopping needs. LAs need to assess the potential for new shopping development and consider appropriate locations for inclusion in plans.

The sequential approach laid down in PPG6 is still new and open to interpretation. Will it mean that developers will adopt a ‘built form’ approach to new proposals

for retail development and look for sites that can accommodate the built form of development that they want eg. a superstore with adjacent and plentiful car parking? There is little possibility of finding sites for this type of development in town centres. The alternative, which is likely to be favoured by local authorities, is to use a 'class of goods' approach which says "can the class of goods which are proposed in a development scheme reasonably be traded in the town centre?" For instance, it could be argued that a proposal for the relocation of a town centre supermarket to an out-of-town or even edge-of-centre site should not be allowed if it results in the loss of an existing town centre shopping facility. The 'class of goods' test would say that the facilities proposed are already available in the town centre and that PPG6 requires town centres to be promoted and enhanced. However the advice is interpreted, the problems of finding town centre and edge-of-centre sites could lead to continuing pressure from retailers to develop in out-of-centre locations.

7.4 The Challenge of Town Centre Regeneration

Town centres are at the heart of community life in our towns and cities. Each town or city centre is unique in terms of its historical development, character and function. But town centres are dynamic places responding to new social and economic needs. In recent decades the rate of change has accelerated due to changing patterns of retailing, business activity, mobility and leisure. Many changes are beneficial, bringing vitality and viability to town centres; but others may be adverse, bringing economic, social and environmental decline.

The challenge facing both the public and private sectors who have interests in town centres is the need to optimise and manage success on the one hand whilst reversing decline on the other. This challenge has been recognised by local authorities for many years and is now being addressed by central government following research commissioned by the Department of the Environment into retail trends and developments, notably the URBED report (1994). The URBED report emphasises that the main danger is not out-of-town shopping but institutional inertia and neglect, leading town centres to lose their vitality and viability. Town centre management is regarded as being crucial if town centres are not to be left behind by

their competitors. The revised PPG6 doesn't refer to this important task as a 'challenge' but it does deal with the questions of town centre regeneration and town centre management.

PPG6 recommends local authorities to prepare town centre management strategies. Although the land use planning system and the emphasis on the plan-led approach are important in achieving new retail development and redevelopment, many factors affecting the quality of a town centre lie outside the planning system. Effective management and promotion of town centres will help to enhance their vitality and viability. Therefore, PPG6 advises that detailed non-statutory town centre management strategies are drawn up within the framework of the Local Plan. It emphasises that role of partnerships between the local authority, private sector and other agencies in drawing up such strategies.

Initiatives that should form part of such strategies are listed in Annex C of the revised guidance, such as environmental improvements, keeping the town centre clean, recreation/entertainment, crime prevention and safety, secure car parking, pedestrianisation and promotion. Other aspects of town centre strategies are also identified in PPG6:

- access to town centres ie. traffic management, pedestrianisation, public transport
- car parking (in terms of availability and pricing)
- urban design and townscape improvements.

There are many ways in which town centres can be improved. The URBED report, for instance, contains a list of 30 measures that are being taken by local authorities to revitalise town centres. Figure 11 in Chapter 6 shows the initiatives that are being taken by local authorities who responded to the survey. In my own experience of dealing with town centre problems and advising local authorities on improving the vitality and viability of town centres, several important factors can be identified.

(1) The need to ensure a good range and quality of shopping facilities that will attract shoppers to a centre

(2) Creating a shopping environment that is inviting to shoppers eg. by making pedestrian areas, ensuring safety and security (through CCTV) and providing convenient car parking

(3) The overall appearance of the town centre eg. condition of buildings, and attention to conservation and heritage

(4) Creating a distinctive image and identity for the centre, and

(5) Analysing the strengths and weaknesses of the centre as the basis for a management strategy (England, 1996a).

Similar conclusions have been reached by other consultants.

“The best way to improve town centre performance is to secure the widest possible range and the best quality of accessible shopping and service facilities. Secondly, the town centre as a whole should be and feel secure. Thirdly, there should be the best possible cultural, leisure and social facilities. And finally, the town centre should provide an environment of quality and delight for town centre users to savour and enjoy” (Baldock, 1994, p13).

The challenge of regeneration raises three important points about the future role of town centres (England, op cit).

(1) How to make town centres more attractive to shoppers

It is probably true to say that the most important element in the retail system is the consumer. Research studies show that people prefer to shop in traditional town centres and their second preference is for covered shopping centres (Morphet, 1991). In a survey carried out by Which magazine in 1994, of 1500 people asked where they preferred to shop:

- 45% preferred to shop in a town centre
- 16% preferred to shop out-of-town
- 30% had no preference.

Overall, 39% said they were generally in favour of out-of-town shopping. But when these people were asked whether they would still be in favour if it meant a reduction in town centre shopping facilities, nearly one-third changed their view (Which, March 1996).

With such a wide choice of centres available, people will tend to shop at those

centres they like the best. These may be traditional town centres for comparison shopping or they may be large new stores for main food shopping. Special factors also apply to make some types of centre particularly attractive to shoppers:

- historic city centres eg. York and Chester
- market towns eg. Northallerton and Beverley
- regional centres eg. Meadowhall and the Metro Centre.

Local authorities seeking to promote town centres need to recognise why shoppers choose to shop where they do, and need to try to alter patterns of shopping behaviour. If consumer preference is towards new stores is growing, there needs to be a carrot and stick approach to get people back to town centres. Consumers need to see the benefits of town centres before they will use them. The future role of town centres must respond to changes in consumer demand. Those centres which fail to meet demand may not survive in their present form, and may have to diversify into other uses. This is recognised by PPG6. Town centres have responded to changes by providing an increased range of comparison goods, with environmental improvements and pedestrianisation (Couch, 1996).

Town centre management as a concept and activity is gaining widespread support throughout Britain. By 1997 there were around 170 local authorities with town centre managers. Town centre management has moved the town centre up the list of priorities for local authorities (Stansbury, 1994). A survey has been carried out by Boots the Chemist of 46 town centres, assessing trading conditions and the impact of town centre management schemes between 1990 and 1995. Among the main findings are that:

(1) Store managers in these towns believe that town centre management has improved store performance

(2) When town centre management programmes include pedestrianisation, there appears to be a strong indication that this correlates with better store performance

(3) The best performing towns all had a high level of support from local business and were supported by adequate funding (Stathers, 1996).

(2) Restoring the Balance

It is generally agreed that the balance has shifted too far from town centres to out-of-centre developments. The DoE has been criticised for being too late to save some town centres from out-of-town competition. In the retail system there will always be competition between town centres and out-of-town centres, but the balance needs to be restored so that out-of-centre development does not destroy the vitality and viability of town centres. Out-of-centre developments should complement town centres, not undermine them. A fundamental shift is needed to make town centres more attractive to investors as well as shoppers. Nationally, following the revision of PPG6, there is a growing consensus that action is needed to create healthy town centres. Will the revised PPG6 halt the decline of town centres? It remains to be seen, but it seems that government policy is making a positive effort to ensure the future of town centres. Support for town centres was not just a Conservative Government political platform. It was endorsed by the all party Commons Environment Committee report in 1994, and the Labour Government is now also stressing the overall economic, social and environmental importance of town centres as a focus for community identity and activity.

(3) Positive action on regeneration

It has to be accepted that restricting out-of-centre developments (as PPG6 aims to do) will not in itself make town centres more attractive to shoppers. Shopping patterns have changed and out-of-town developments have become part of the hierarchy of centres, if it is accepted that the traditional hierarchy still exists. There must be positive action to regenerate our town and city centres. This means that local authorities have to work in partnership with the commercial sector to lure shoppers back to the High Streets. In some town centres the 'spiral of decline' has gone so far that a high level of public intervention and support are needed to implement an appropriate programme of action focusing on improvements in retail facilities, service provision and the shopping environment (Thomas and Bromley, 1995). Adequate central government funding for town centre management is essential eg. in the form of pump-priming for private sector investment.

Positive planning for retailing in the 1990s requires the positive promotion of town

centres.

“In an age of changing consumer behaviour and new forms of retailing, town centres should think seriously about developing marketing strategies” (Jones, 1994, p16).

Effective marketing necessarily involves four stages:

- (i) market research - carrying out a town centre audit
- (ii) design of the ‘product’ - the town centre action plan
- (iii) production of the ‘product’ - implementing the action plan
- (iv) selling the ‘product’ - targeted promotion (Baldock, 1996).

In 1996 the Government agreed to back research into the operation of the American “business improvement district” concept (BIDS). The BIDS approach in North America has been given credit for increased town centre sales, improved property value, reduced crime and increases in the number of people using town centres. The Environment Committee on Shopping in 1995 was interested in the use of BIDS funding for town centre management. Under BIDS a British town centre forum could be developed into a separate company with its own budget, charged with running the town centre or, at least, some of the services in the area together with its own limited powers to raise a supplementary levy. The Association of Town Centre Management is promoting the idea of Town Improvement Zones (TIZ) where business or property owners provide additional funding for initiatives. Coventry and Bristol have city centre management schemes which come close to the TIZ ideal. A number of leading retailers in Britain have said they would like to see a system which enables them to contribute to town centre management through some kind of levy. TIZ would be voluntary, unlike the American BIDS which are compulsory for businesses (see Section 9.5).

7.5 Sustainable Development

The 1990s is becoming the decade of sustainable development. The nature of ‘sustainability’ is complex but essentially it means that the role of planning becomes one of contributing to the reconciliation of two seemingly incompatible aspirations:

- to achieve economic development and higher standards of living, and
- to protect and enhance the environment, now and for future generations (Selman, 1995).

Healey and Shaw (1993) believe that the concept of sustainable development offers a new approach to planning; the challenge of integrating and relating the economic, social and physical dimensions of human existence. But they are critical of the political will required to achieve environmental objectives.

“With respect to ideology much of the present discussion of sustainable development ideas and of plan-led planning is little more than symbolic tokenism” (Healey and Shaw, 1993, p774).

Others are also critical of approaches towards sustainable development. Tiffin says that as a practical concept, it is far beyond us. As planners, the best we can do is to try and secure an improvement in future environments by looking for reductions in consumption through movement. In the case of retail development, we can try to steer new facilities to those places which are best served by a mix of transport modes (Tiffin, 1996). The Environment Committee observed that policies for sustainable development are being made in the absence of any knowledge about how sustainability is quantified.

Breheny states that to achieve sustainable development, planning policies need to have more positive environmental objectives eg. reducing pollution, recycling, reducing energy consumption, reducing travel demand, and making public transport more attractive and economical. Such an approach would include refusing planning permission for new out-of-town retailing (Breheny, 1993). Certainly, new stores or shopping centres that are accessible only by car, or that are likely to stimulate more or longer car journeys, are much less likely to be approved now than would have been the case in the 1980s (Guy, 1994b).

Shoppers will use their cars to make shopping trips when it is convenient to do so. Discussing shopping habits and the global environment, Thorpe (1994) points out that in practical shopping terms there are four types of trip:

- (a) the bulk food shopping trip
- (b) the day-out (the ‘let’s go shopping’ syndrome)
- (c) the morning parade (‘popping down to the High Street’)
- (d) the purchase trip, for specific non-food items.

Of these, the bulk food shopping trip is usually car-based by necessity. The 'day-out' often involves long distances but low spending and so is likely to be environmentally unsustainable. The 'morning parade' involves only local trips and often includes both food and non-food shopping. The 'purchase trip' is highly organised, and efficient in environmental terms.

For town centre regeneration to compete against out-of-centre developments, there will be a need to make town centres more attractive by providing more or better car parking but also by having a positive incentive for shoppers to use public transport and leave the car at home. The answer is not to restrict the use of the car, but to make real investment in the alternative forms of transport. For most shoppers, the bus is still not an acceptable alternative to the car.

The Government is seeking to encourage sustainable development through PPG6 and PPG13. PPG6 says that town centres can play an important role in reducing the need to travel and reliance upon the car. Sustainability is the basis for two of the 'tests' in PPG6. As well as the key 'impact test' on the vitality and viability of existing centres, new retail developments will be judged according to their:

- accessibility: new retail development should be located where it is accessible by a choice of means of transport (usually in or near to town centres)
- impact on travel and car use: local planning authorities should assess the likely proportion of customers who would come by car and the size of the catchment area.

The guidance in PPG13 is set out in Section 5.4. PPG13 is intended to help meet the commitments in the Government's Sustainable Development Strategy to reduce the need to travel; influence the rate of traffic growth; and reduce the environmental impacts of transport overall. It states that in structure plans, shopping should be promoted in existing centres which are more likely to offer a choice of access, particularly for those without the use of a private car. In local plans, authorities are recommended to support existing centres through appropriate policies, including encouraging development of edge-of-centre sites, close enough to be readily accessible by foot from the centre and which can be served by a

variety of means of transport. Sustainability is often associated with 'linked trips' because of the benefits of reducing the need to travel. Comments are made about the concept of linked trips in the next section, and in Chapter 10.

There is currently a debate about whether the emphasis of Government policy on town centres will result in less car mileage. To help provide the information upon which policy should be based, a survey project was carried out by TRICS on a sample of Safeway stores in town centre and out-of-centre locations. The results showed that although town centre stores attract a slightly lower percentage of their customers by car, town centre stores involved longer travel distances and more vehicle mileage than out-of-centre stores. It is somewhat ironic that out-of-centre stores may have a more positive effect on reducing vehicle mileage than town centre stores.

"Instead of PPG6 requiring each store to be well served by public transport, it would be much more relevant to turn the policy around to ensure that each residential area is within good public transport access of at least one modern type of store" (Eastman, 1995).

7.6 Other Issues

In addition to the major issues highlighted in this chapter, some other issues in retail planning need to be referred to. These are issues which have arisen out of debate on the revised PPG6 or which have been mentioned in the replies to the local authority survey.

(i) The Concept of Linked Trips

Government policy stresses the scope for town centre/edge-of-centre locations to minimise car-borne trips through enabling 'linked trips'. It might be expected that shoppers would make linked trips to purchase different types of goods but there is in fact very little evidence to date of linkage between bulk food shopping and comparison shopping. The likelihood of linked trips seems to be greater in smaller centres such as market towns where food shopping is not dominated by large superstores. Reporting on the Cheshire Retail Study, which involved a large-scale home interview survey, Sherman and Dossett (1995) found great variability of trip

linkage. Their conclusion was that there could be a correlation between food shopping and other activities by type of centre, and they suggest that this is worthy of examination as it clearly demonstrates the potential for the main food trip to generate other kinds of activities in town centres. To test the extent to which there are patterns of linked trips, an analysis of household survey data on Teesside has been selected as the focus for Case Study 2 in Chapter 10.

(ii) The 'Impact Test'

PPG6 (July 1993) placed emphasis on the economic impact of retail development proposals on the vitality and viability of any nearby town centre as a whole. It stated that:

"Local Planning authorities should not refuse permission for new retail development outside town centres on the grounds of the effect of on that town centre, unless there is clear evidence to suggest that the result would be to undermine the vitality and viability of that centre that would otherwise serve the community well".

This wording has been removed from the new PPG6 (June 1996), reflecting the stronger line that the government is now taking against out-of-centre development. However, the guidance still says that applications for major retail development should be supported by evidence of their likely economic impacts on town centres. Impact issues remain as one of the key tests to be applied. The practical application of the 'impact test' is examined in Chapter 11.

(iii) Information Problems

The lack of adequate information on almost all aspects of retailing is regarded by local authorities, as well as others involved in retail development, as being a serious problem eg. Sparks (1996). In the LA survey a total of 23 of the local authorities who responded made some reference to the absence of data or deficiencies in the available data, particularly on floorspace and turnover at the local level. The demise of the Census of Distribution is seen to be very unfortunate by local authority planners, especially those in County Councils who need to monitor the retail system and deal with strategic policy matters. 17 of the 23 Councils who

commented on retail data were Counties. There is widespread support for the re-introduction of the Census of Distribution or a similar regular survey of retail activity on which policy can be soundly based.

(iv) Vitality and Viability of Centres

The concept of vitality and viability, and how it should be measured, has been discussed in detail in Chapter 5. There is a growing emphasis in Government advice and from recent research studies, on the importance of qualitative factors in making judgements about the vitality and viability of town and district centres. The 'health check' approach is favoured, using a series of qualitative indicators to assess the overall performance of a centre, based on its strengths and weaknesses. The need to make a careful assessment of vitality and viability was noted by several local authorities in the survey. It is an essential step in the application of retail impact assessment so that the interpretation of potential impact on a centre takes full account of that centre's ability to withstand losses of trade. Best practice in the application of the health check approach is discussed in Chapter 11.

(v) 'Planning by Appeal'

The recent history of planning decisions on applications for major shopping development shows that a significant number of developments have been allowed on appeal after being initially refused by a local authority, or approved following a call-in. There have been criticisms, notably by local authorities trying to resist the pressures for new forms of development, that 'planning by appeal' has led to too many out-of-centre developments being granted planning permission, certainly during the 1980s. Current Government policy is much less likely to result in developments being allowed which are contrary to the development plan, but all applications are decided on their individual merit and other material considerations will sometimes override policy considerations in decisions made by Inspectors. A full analysis of the pattern of decisions on superstores and other major retail developments is given in Chapter 8.

(vi) Range of Goods sold in Retail Warehouses

The generally depressed state of the market in bulky non-food goods, and the large amount of outstanding planning approvals for retail warehouse parks, has led to pressure for retail warehouses (existing or with planning permission) to be used for other retail purposes. This usually involves lifting planning conditions or legal agreements on the type of goods to be sold, or specifying minimum floor areas for certain units. Appeals against planning conditions restricting the type of goods sold from retail warehouse are becoming much more common. Applications for subdivision of retail units are also increasing and there is concern that some retail park developments could evolve into more conventional shopping centres or factory outlets centres. This issue is examined in detail in Case Study 3 in Chapter 10.

(vii) Transport Issues

The discussion of sustainability earlier in this chapter shows the growing importance attached to transport and travel as issues relevant to shopping development. Retail activity generates considerable amounts of traffic and there is general acceptance now that new shopping development should be located so that it is accessible by public as well as private transport. PPG6 gives considerable emphasis to the accessibility of new shopping developments and the effect of new developments on travel patterns. There is already evidence that Inspectors are taking account of transport factors in making decisions about proposed shopping developments, as shown in Chapter 8. The local authority survey reflects some concerns about the effects of new shopping developments on travel patterns and the need to assess the traffic implications of proposed developments. The application of the 'sustainability tests' in PPG6 as part of an overall framework for RIA is considered in Chapter 11.

7.7 Summary

Some key issues face the planning system in keeping pace with trends in retailing,

in trying to reverse the decline of some of our town centres, and in meeting the aims of the Government's sustainable development strategy. Decentralisation of retailing in Britain has led to a decline in the role of town centres. The revised PPG6 advocates a plan-led approach to guide retail development, based on a sequential approach to selecting sites which gives the first preference to town centre locations and then edge-of-centre sites.

In responding to the challenge of regenerating town and city centres, PPG6 urges the preparation of town centre management strategies. If town centres are to be managed and promoted effectively, consumer demand must be taken into consideration. The balance has shifted too far towards out-of-centre developments and policy action needs to restore the balance so that out-of-centre developments complement town centres rather than undermining them. Restricting out-of-centre developments will not in itself make town centres more attractive to shoppers; there must be positive action to regenerate town and city centres, including marketing.

Policy towards sustainable development is important in aiming to reduce shopping trips by private car, and PPG13 seeks to reduce travel demand. It is debatable, however, whether town centre shopping is more sustainable in environmental terms than out-of-centre retailing.

Other issues to emerge from this review are:

- the extent to which town centre or edge-of-centre locations facilitate linked shopping trips
- the continuing significance of the 'impact test' in assessing proposals for new retail development
- the problems of lack of adequate information on retailing at the local level
- how to assess the vitality and viability of shopping centres
- the incidence of 'planning by appeal' in decisions on major retail development
- pressure for an easing in restrictions on the type of goods sold by retail warehouses, and
- the growing importance of transport and travel issues in retail development.

The implications of these issues for the application of RIA are that more attention needs to be given to:

- understanding the state of health of town centres as a basis for assessing the

- impact of a proposed development, and
- identifying the possible risk of harm to any strategy for town centre regeneration.

The location of a proposed development is likely to be of increasing importance in assessing its impact because of Government policy on sustainable development and the sequential approach of PPG6.

8. APPLICATION OF RETAIL IMPACT ASSESSMENT IN BRITAIN

Previous chapters have identified the importance of retail impact issues in Government and local authority shopping policy and the evolution of policy towards the need to sustain and enhance the vitality and viability of town and city centres. The impact of a proposed new retail development on nearby centres is still a crucial factor to be considered in deciding whether such a development should be allowed. The views of local authorities on these issues have already been discussed in Chapter 6. This chapter first focuses on how Planning Inspectors take retail impact issues into consideration in deciding on planning appeals and call-ins, based on an analysis of appeal decisions. The major emphasis of the chapter is on how RIA has been used to help in deciding proposals for major retail development. It looks at the application of RIA with reference to different types of retail development - superstores, discount foodstores, retail warehouses and retail parks, out-of-town regional centres, factory outlet centres and warehouse clubs.

8.1 Findings of Previous Research

There is a growing body of evidence about the effects of out-of-centre retail developments in Britain. Most of the evidence relates to food superstores, but there is now a substantial amount of evidence about the impact of retail warehouses/parks and out-of-town regional shopping centres. Evidence about newer forms of retailing - discount foodstores and factory outlet centres - is much more patchy. This section comments on the relevance of impact issues in understanding the effects of new and proposed retail developments, and in shaping the attitude of government policy towards retailing.

Much of the evidence about the early experience of superstores can be found in the research by Lee Donaldson Associates (1991) who published studies of a total of 315 superstore appeals since the early 1970s. The research shows that superstores developed since the late 1970s have not had a severe impact on surrounding shopping centres. Up to October 1990 only about 1 in 6 superstores had been established as a result of successful appeals. However, appeal inquiries are the most

important forum in the British planning system for close examination of the impact issues involved in proposals for major retail development. It was also found by Lee Donaldson that since the early 1970s some 40% of superstore proposals had been allowed on appeal. Later in this chapter it will be shown that the success rate of appeals for foodstore development since the early 1980s has risen to almost 50%.

The appeal decision process is termed by Lee Donaldson the 'appreciative view' which sees the process simply as the opening up of a problem to public exposure and examination, so as to create a new perspective or the possibility of consensus planning. In the appeal process conclusions are not worked closely in quantitative terms, deriving decisions directly from specific data. The Inspector takes account of all the evidence presented to gain an appreciation of the issues and make a balanced judgement in making his/her decision.

Much of the research on retail warehouses has been carried out by Anne Gibbs who made an analysis of more than 170 retail warehouse planning inquiries between the early 1970s and 1986 (Gibbs, 1981, 1986 and 1987). By 1986 retail warehouses had become an established part of the retail system, but according to Gibbs most local authorities took several years to accept them. This timelag resulted partly from the traditional conservative outlook of most local authorities to retailing, but also inherent delays in the preparation of structure plans. Gibbs concludes that the impact of local planning authorities on the diffusion of the retail warehouse has been almost entirely negative, and in many areas there has been a compromise between retailers and planners which has resulted in retail warehouses being located on the fringe of town centres.

Approaches to assessing the impact of superstores and retail warehouses were not necessarily appropriate to proposed regional centres, and more complex analysis and longitudinal research has been carried out. Impact studies of regional centres have been of two types:

- (i) desk studies of the potential impact of a centre, carried out usually as evidence for or against the proposal at a public inquiry

(ii) post-hoc studies following completion of a development

The studies themselves concentrate on two types of impact:

- on patterns of consumer expenditure, and
- on the economic and physical condition of the centres most seriously affected (Guy, Oct 1994b).

In this chapter the impact of regional centres is examined with reference to the research that has been carried out on the Metro Centre, Meadowhall, and Merry Hill.

8.2 Retail Impact Factors in the Planning Appeal Process

Views of Planning Inspectors

Although most proposals for major retail development are decided by local authorities without going through the appeal process, a substantial number of proposals are decided on appeal by Planning Inspectors. Inspectors have to deal with conflicting evidence produced by the parties to make a judgement about the merits of the proposal. Impact issues concerning superstores often lead to conflicts between parties at public inquiries about estimated trade diversion. Inspectors have to reconcile differences between conflicting figures.

“Retail impact assessment has not yet reached a level of sophistication to reduce the likelihood of widely divergent trade diversion estimates being produced by the parties at a public inquiry, leaving many an Inspector to thread his way through the disparate evidence (Holt, 1996).

Inspectors do not have to be experts in retail impact issues, although some gain considerable experience from handling such evidence. But there seems to be an attitude among some Inspectors that retail impact studies are far from scientific or exact and there is little point in close scrutiny of the detailed figures. Where there is apparent agreement between the parties on quantitative evidence e.g. estimated turnover and trade diversion, decisions usually depend on matters of value judgement in relation to the main issues.

PPG6 gives little guidance about the significance to be attached to retail impact in deciding whether a proposed development is acceptable or not. It says that all applications for retail developments over 2,500 sq. metres gross floorspace should be supported by evidence on retail impact and that such assessments may sometimes be necessary for smaller developments. The only advice is that

“Impact assessments need usually only adopt a broad approach. Parties should, where possible, agree data (such as trends in turnover, population, expenditure and efficiency in the use of existing retail floorspace) before preparing impact assessments and present information on areas of dispute in a succinct and comparable form” (PPG6, June 1996, paragraph 4.14).

The paucity of guidance on this important topic is unhelpful to those involved as practitioners in the field and to Inspectors. Neither the Planning Inspectorate nor the Scottish Office Inquiry Reporters Unit have a guidebook or other advice on how to deal with applications for major retail development. Each case is looked at on the merits of the evidence, in the context of development plan policies, current Government policy and the local circumstances.

Judging the ‘Significance’ of Retail Impact

Since the first PPG6 in 1988 all large new retailing proposals have been subject to an ‘impact test’ i.e. would they have an unacceptably adverse impact on the vitality and viability of existing town centres? The question of whether significant harm would be caused through impact on town centres is a matter of considerable technical intricacy. Different impact considerations apply to food stores as opposed to non-food stores and problems are compounded in conurbation situations or if towns are close to each other, where there may be overlapping catchment areas (Holt, 1996). Therefore the question “what is a significant retail impact?” is a very difficult one to answer. Inspectors have to consider all the factors material to each application.

There are no standard criteria for establishing the percentage trade diversion which a centre could reasonably withstand or at which the impact becomes unacceptable.

Inspectors have never gone so far as to adopt or confirm any standards or criteria for judging impact. Relatively high levels of predicted impact are usually considered unacceptable, but percentage trade diversions are only a general guide to the level of impact and a judgement has to be made about the implications of the impact figures. Where the predicted retail impact is high, it is relatively easy for Inspectors to dismiss an appeal on impact grounds. From the analysis of appeal decisions using the COMPASS database (described in Section 8.3), there are some notable examples of appeals dismissed on the grounds of excessive trading impact on nearby centres, for example:

- proposed Tesco superstore, Witney, Oxfordshire, 1985:
a 24-30% retail impact was considered unacceptable
- proposed supermarket, Dudley, 1986:
a 43% predicted retail impact was held to be unacceptable
- proposed supermarket, Barton-on-Humber, 1993:
a 33-50% cumulative retail impact was too high to be acceptable.

In such cases it is relatively easy for an Inspector to dismiss an appeal because the overwhelming evidence is against the proposed development. But it will be shown later in this chapter that relatively low levels of retail impact of less than 10% can be considered unacceptable. The draft version of the Scottish NPPG on Retailing suggested that trade diversions of between 10% and 15% may be harmful to the vitality and viability of existing centres (see details in Section 5.4). In Chapter 11 a 'model of significance' of retail impact is put forward as a practical guide to assessing impact in relation to the vitality and viability of town centres.

8.3 Analysis of Planning Appeal Decisions

To obtain a more objective and comprehensive picture of the pattern of appeal decisions on proposed retail developments, an analysis was made of records from the Computerised Planning Appeals database (COMPASS). A listing was obtained of all appeal decisions on retail developments (including call-ins) in England, Scotland and Wales from 1983 onwards, giving details of the type of development, location, factors involved in the decision, and date of decision. The analysis included:

- appeals allowed or dismissed

- the number of appeals decided each year
- reasons for the decision, and
- analysis by region (North, Midlands and South of England, Scotland and Wales)*

In the context of this thesis it was particularly important to see how the pattern of decisions has been influenced by changes in the national policy context. Therefore attention is focused on the effect of the introduction of PPG6 in 1988 and its subsequent revisions in 1993 and 1996.

Summary of Appeal Decisions

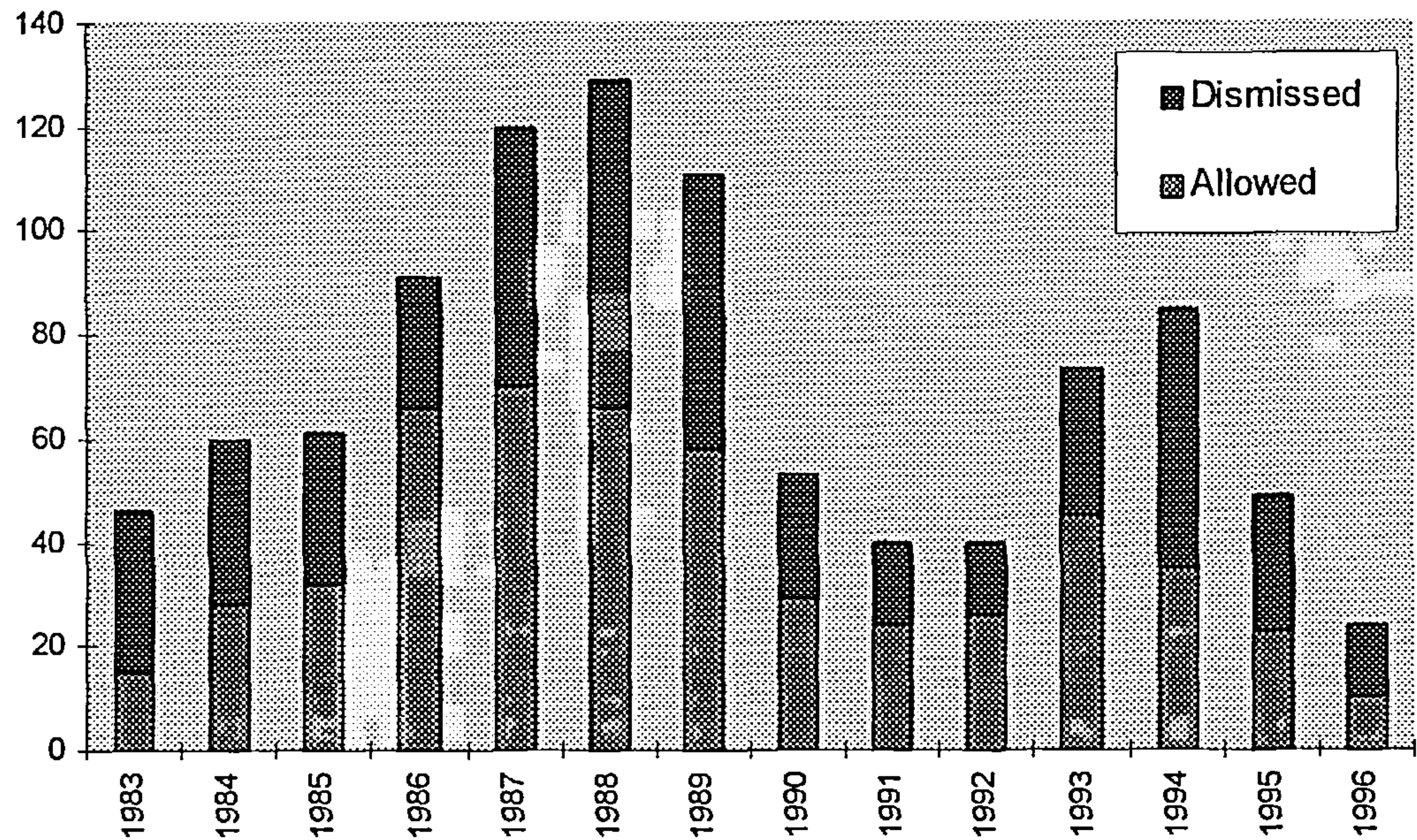
Since 1983 almost 1,000 planning appeals for retail developments (including call-ins) have been determined in Great Britain. The COMPASS database does not have a strict definition of retail development but the database includes all except minor developments and it distinguishes between food and non-food retailing. Summary statistics of appeals allowed and dismissed are given in Appendix 7. The number of appeals is split fairly evenly between food and non-food developments. As shown in Figure 12 the number of appeals decided reached a peak in the period 1986-89, at the height of the property boom, when the numbers rose to about 120 per annum. This was followed by a drop in the period 1990-92 to only about 40 per annum. As the economy picked up again, a further increase in appeals occurred in 1993-94 before the present decline set in. To analyse trends in the pattern of appeals, the data has been grouped into three time periods:

- 1983 - 1988 (when the first PPG6 was introduced)
- 1988 - June 1993 (PPG6 was revised in July 1993)
- from July 1993 onwards

It is too early to make any quantitative analysis of the effect of the latest PPG6 in June 1996 on appeal decisions, but a qualitative assessment is made later in this section.

* North = Northern, Yorkshire and Humberside, and North West regions
 Midlands = East Midlands and West Midlands regions
 South = East Anglia, South East and South West regions

**Figure 12: Number of Appeals for Retail Development ,
Great Britain**



An analysis of appeals allowed and dismissed is shown in Appendices 8 and 9. The proportion of appeals allowed up to 1988 was 55%, rising to 56% in 1989-June 1993, but from July 1993 the success rate of appeals has fallen to 48%, as shown below. For food and non-food stores the pattern is similar, but there has consistently been a higher rate of approvals for non-food developments than foodstores.

Proportion of Appeals for Retail Development Allowed, Great Britain (per cent)

	Food	Non-Food	Total
1983-88	50	57	55
1989-June 1993	52	60	56
July 1993-1996	45	55	48

The introduction of PPG6 in 1988 appears to have made little difference to the ratio of appeals allowed or dismissed. However, it was introduced at a time when an unprecedented number of appeals for major retail development were being determined and there was a marked reduction in appeals following the new policy guidance. The revised PPG6 in 1993, with its more restrictive policy stance, led to a tougher line being taken on appeals and an increase in the rate of dismissals. It is

particularly noticeable that in 1994 there was a sharp increase in the number of foodstore appeals dismissed and since then the number of appeals on foodstore proposals has declined. Whereas the number of foodstore appeals decided remained fairly steady until the mid 1990s, the number of appeals for non-food developments has fallen sharply since 1989, apart from a peak in 1994. In 1995 and 1996 the number of non-food appeals declined significantly and most were dismissed.

Factors Involved in Decisions on Major Retail Developments

An analysis has been made of the factors that have been referred to by Inspectors in determining appeals for major retail development. These factors are summarised in the COMPASS database and the records have been examined to establish the reasons why appeals have been allowed or dismissed. In the case of appeals allowed, the determining factors were grouped into 11 categories, as follows:

- need for the development was accepted
- there were no suitable central area sites available
- there would be no significant retail impact
- no conflict with shopping policy
- amenity issues
- traffic/access/parking issues
- issues of loss of industrial land
- regeneration benefits
- employment benefits
- no problems of cumulative impact
- potential for linked trips

The most important factors leading to proposals being approved are shown below. Full details are given in Appendix 10.

Factors in Appeals Allowed, Great Britain (per cent)

	1983- 1988	1989- June 1993	July 1993 -1996
No Significant Retail Impact	139	76	22
Policy Issues	60	22	9
Amenity	63	37	8
Traffic/Access/Parking	87	39	6
Industrial Land	87	29	4
Need	40	11	4
Employment	23	17	4

The most important factor in appeals allowed has consistently been evidence of the lack of retail impact on nearby centres. Impact has been the over-riding determinant in decisions to allow appeals in the period since 1983. Impact factors were mentioned in about half of all appeals allowed up to 1993 but since 1993 impact considerations have tended to decrease in importance to only about a quarter of decisions.

Other factors have tended to be of less importance but are still significant in the overall pattern of decisions to allow appeals. The other main factors are policy issues, amenity, traffic/access, and industrial land issues. As the actual number of appeals allowed has generally fallen since the late 1980s, policy issues have tended to remain of greatest importance after retail impact, but traffic/access and industrial land issues have become much less significant. Need and employment benefits, which were also significant factors up to the early 1990s, have since become lesser factors in decisions to allow appeals.

The decline in particular factors is very significant in the context of PPG6. The sequential approach places considerable emphasis on the availability of town centre sites but only one appeal allowed since 1989, and none since 1993, has referred to the lack of a town centre site. Regeneration has similarly ceased to be a key factor in allowing appeals. Cumulative impact was mentioned in several decisions to allow retail developments up to 1993 but since then it has become less significant. Linked trips, despite the advantages attributed to them in PPG6, have also been of little importance in appeals allowed in recent years.

In the case of appeals dismissed, the determining factors were grouped into 14 categories, as follows:

- adverse effect on plans for central area redevelopment
- loss of industrial land
- retail impact on other nearby centres
- contrary to development plan policy
- site not adequately served by public transport
- impact on amenity/environment
- no evidence of need
- car parking/servicing problems

- another site preferred by the local authority
- traffic/access problems
- over-development of the site
- loss of housing land
- loss of agricultural land
- unacceptable cumulative impact

The most important factors leading to proposals being dismissed are shown below. Full details are given in Appendix 11.

Factors in Appeals Dismissed, Great Britain

	to 1988	1989- June 1993	July 1993 -1996
Retail Impact	96	43	17
Contrary to Policy	88	20	24
Amenity/Environment	63	48	10
Loss of Industrial land	51	28	3
Traffic/Access	66	21	6

Impact considerations have not been so prominent in decisions to dismiss appeals as they have been in appeals allowed. But, overall, impact has been the most important factor in dismissals. The other key factors in dismissal decisions have been policy conflicts, amenity, loss of industrial land and traffic/access. Since 1993 policy factors have tended to increase in relative importance, reflecting the influence of PPG6. Policy factors include conflict with land allocations in Local Plans, conflict with Development Plan shopping policy e.g. on out-of-centre developments, and proposals which are premature in relation to an emerging Local Plan. Amenity factors have tended to remain important throughout the period since 1983, but loss of industrial land and traffic/access have declined in importance, as have several other factors in the 14 listed. On the other hand, three factors have increased in importance in recent years, reflecting the relevance attached to them in PPG6. They are inadequate public transport, another site preferred by the local authority, and cumulative impact.

An examination of individual appeals dismissed in 1995 and 1996 shows the emphasis that is now being placed by Inspectors on the PPG6 tests of accessibility and impact on travel by car, and on the application of the sequential approach to the

location of development. Several recent decisions to dismiss appeals have been based on factors of whether a development would encourage car-based trips, whether a site is adequately served by public transport, and whether a site is edge-of-centre or more central alternative sites are available. Some proposals have been described by Inspectors as ‘not sustainable’. Clearly, the influence of the Government’s sustainable development objectives in PPG6 and PPG13 is beginning to bite in appeal decisions.

Regional Analysis

An analysis has been made of appeal decisions by geographical area of Great Britain using the broad regions defined earlier:- the North, Midlands, and South of England, Wales and Scotland. Full details of appeals by region and time period, the numbers allowed and dismissed, and factors involved in decisions by region are given in Appendices 10 and 11.

Figure 13:
Geographical Distribution of Appeals and Population

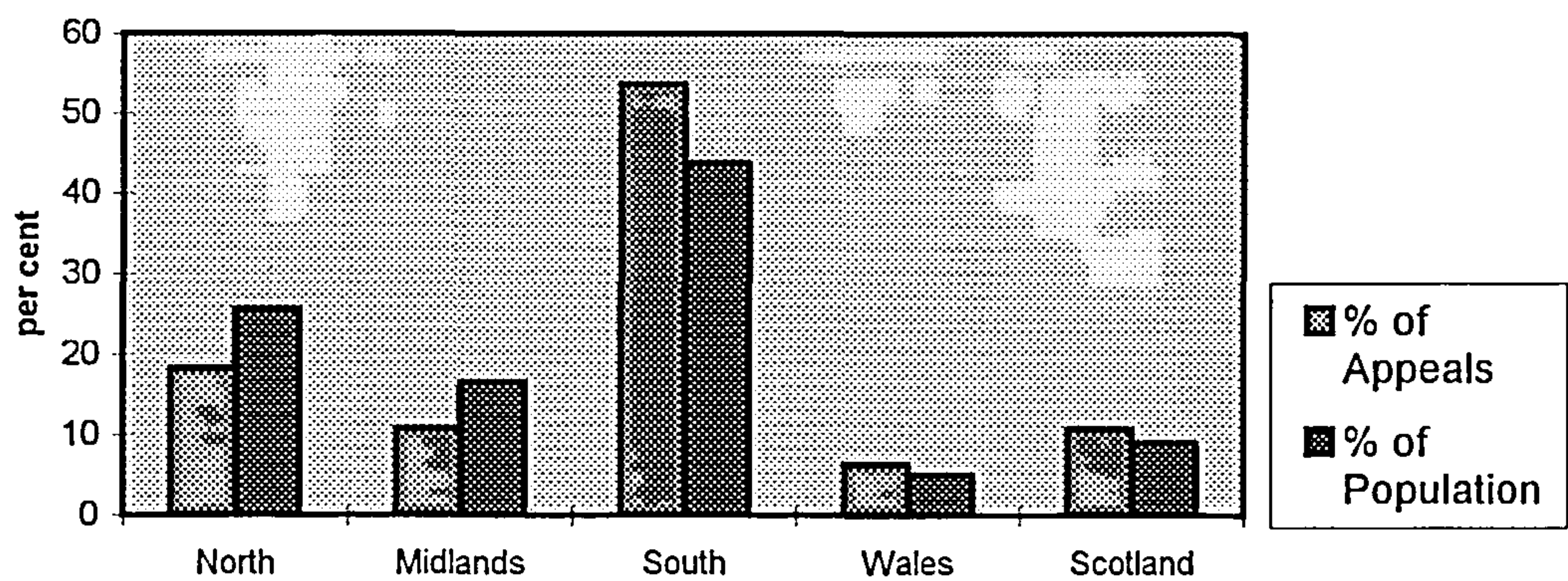


Figure 13 shows that more than half of all appeals for retail development have been in the South of England (54%), which is more than the South’s share of population (44%). Conversely, only 18% have been in the North, compared to its 26% share of population, and only 11% in the Midlands which has 17% of the population. The proportions of appeals and population in Wales and Scotland are much lower and there are no significant differences in the percentages. The figures for England indicate that there has been considerably more pressure for retail development in

the South than in the North and Midlands than would be expected by the size of the population, and this is likely to be a reflection of higher levels of prosperity among consumers in the South of England and higher demand by retailers for sites in the South.

The percentage of appeals for retail development allowed in Great Britain 1983-96 is 54%. The percentages allowed by region range from 47% in Scotland to 55% in the South and 56% in the North. These differences are not significant but they suggest that a more restrictive policy stance on retailing has been taken in Scotland than in England.

In Great Britain as a whole almost half of appeals decided since 1983 have been for foodstores. The proportion of foodstore appeals by region is highest in the North (61%) and lowest in Wales (only 24%). This suggests that there has been greater pressure for foodstore rather than non-food developments in the North, but considerably less pressure in Wales. There are less variations between the regions in the rate of success of foodstore and non-food developments. The percentage of foodstore appeals allowed in Great Britain since 1983 is 49%. The rate of success has been highest in the North (56%) and lowest in the Midlands (43%). In the case of non-food developments the percentage of appeals allowed is 58% nationally. The success rate is highest in the South (63%) and lowest in Scotland (43%). Non-food developments have had a significantly better chance of success than foodstores in the Midlands and South, but foodstores have had a slightly better chance of success than non-food in Wales and Scotland.

It was shown earlier that evidence of a lack of retail impact is the over-riding reason for appeals being allowed. Over the period since 1983 impact reasons have featured in 28% of appeals allowed in Great Britain. The analysis shows that there are no significant differences between the regions, with figures ranging from 26% in the Midlands and Scotland to 32% in Wales. There is no evidence that appeals have been allowed in some regions for employment reasons - the incidence of appeals where employment benefits have been a factor is no greater in the North, Scotland or Wales than in the South. There are more significant differences in the

factors that have influenced appeals dismissed. Impact reasons were given in 22% of appeals dismissed nationally between 1983 and 1996. Impact was the most important reason for dismissals in the Midlands (30%) and the North (27%), but of lesser importance in Scotland (19%) and the South (20%). The other major reason for refusals is that proposals are contrary to policy, a factor which appears in 16% of appeals dismissed nationally. Policy reasons were particularly important in Scotland, being mentioned in 21% of dismissals, but of relatively lower importance in Wales (13%).

Some broad conclusions can be drawn from the COMPASS data about regional variations in appeal decisions on retail development in Great Britain.

The North has the highest percentage of appeals allowed, the highest percentage of appeals which are foodstores, and the highest success rate for foodstore appeals.

The Midlands has the lowest success rate for foodstore appeals, but is much more successful for non-food appeals. It has the highest rate of dismissals on impact grounds.

The South has had more than half of all appeals on major retail developments and a high proportion of appeals have been allowed. It has a better success rate for non-food than foodstore developments.

Wales has had the lowest number of appeals and the smallest proportion of appeals for foodstores. The success rate on appeal is better for food than non-food developments. It has the highest rate of success for reasons of lack of impact and the lowest rate of dismissals on policy grounds.

Scotland has the lowest percentage of appeals allowed, particularly for non-food developments, but a better success rate for foodstores. It has the lowest rate of dismissals on impact grounds but the highest rate of dismissals on policy grounds.

8.4 Impact of Different Types of Retail Development

Superstores

The debate about the impact of new shopping developments and their planning implications can be traced back to the earliest origins of superstores in Britain. From an innovation phase in the 1960s, there was a period of resistance to the

development of superstores in the 1970s, followed by a phase of renewed development in the early 1980s, reflecting the attitude of public policy towards superstore development (Davies and Sparks, 1989).

The growth of superstores has been quite dramatic. Since the early 1980s the rate of expansion in the number of superstores was more rapid than the growth in volume of food sales. Therefore, the rise of superstores has not been supported by expenditure growth and has resulted in a loss of market share amongst small independent food retailers e.g. butchers and smaller supermarkets. The growing importance of superstores is shown in the following graphs which compare changes in the number of food retailing outlets in Great Britain and their total turnover between 1982 and 1992, based on data from the Government's Business Monitors on Retailing. Figure 14 shows that the number of large grocery outlets and other food retailers has declined by a similar amount in relative terms (about 30%) but the absolute decline in numbers of smaller food retailers has been considerable.

Figure 14: Number of Food Retail Outlets (GB)

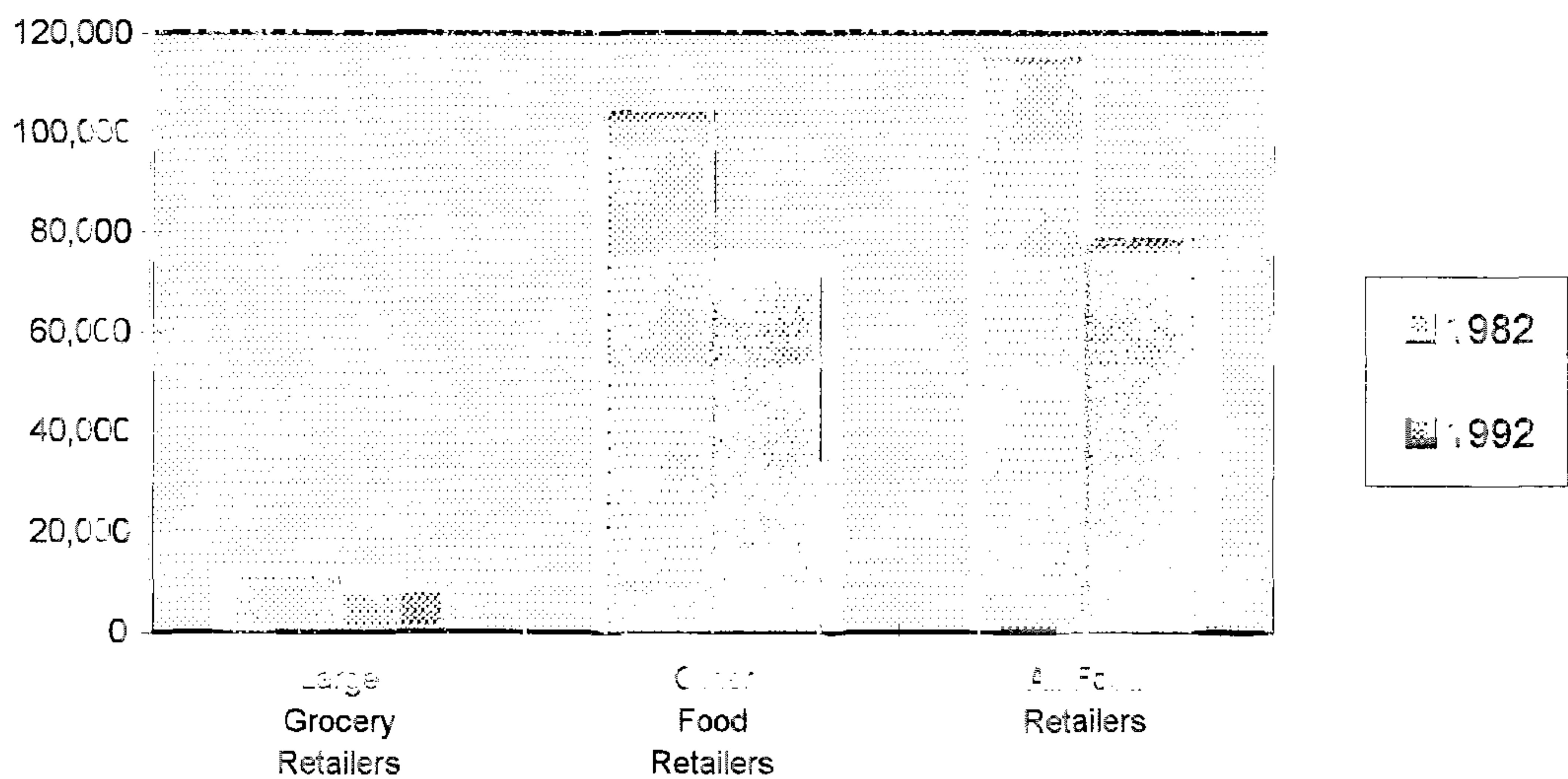
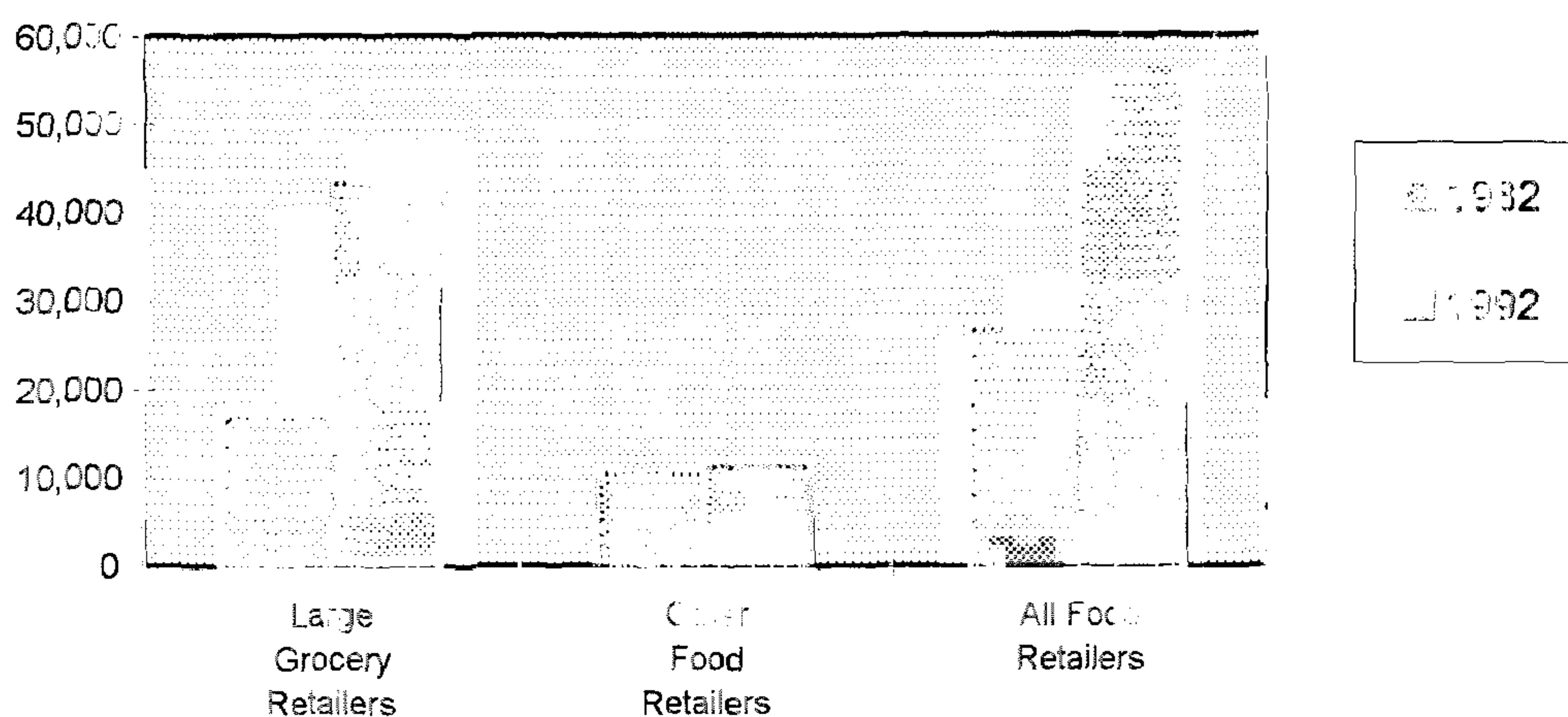


Figure 15 shows that the total turnover of all food retailers has increased by 100% between 1982 and 1992 . But the increase in turnover of large grocery retailers is 159% whereas the turnover of other food retailers has increased by only 7% .

Figure 15: Total Turnover of Food Retailers (GB) - £m



The extraordinary performance of Britain's leading grocery retailers during the 1980s and early 1990s was an era of 'store wars' between the major grocery retailers in the new store development process. There was intense competition between the major companies for the most attractive development sites (Wrigley, 1991). Superstore operators were prepared to pay up to £2 million per acre for the best sites and the 'Big 3' operators (Sainsbury, Tesco and Safeway) all pumped huge investments into new store expansion (Wrigley, 1992). There was a growing concentration of market share among these three operators. According to the Institute of Grocery Distribution, their share of the market increased from 25% at the end of 1987 to 32% at the end of 1994. It is estimated that the 8 largest grocery companies now take nearly 60% of food and grocery sales in Great Britain (Guy, 1996). The pressure for superstore development has not diminished in spite of a tightening of Government policy in the 1990s.

The main operators usually seek sites for stores of between 40,000 and 50,000 sq ft selling space. Demand for the larger 'hypermarkets' of over 100,000 sq ft gross has virtually disappeared as they are now no longer considered to be economic, especially when the same range of goods can be offered in a smaller store using highly developed delivery systems to keep up stocks. Superstores are expected to take an increasing share of convenience shopping in the future. Some commentators believe that the grocery market in Britain is becoming 'saturated' and that this a

cause for concern (Guy, op cit). Guy notes that 'saturation' can be defined in two ways:

- (1) a situation in which the local population are well served by a choice of modern grocery stores, such that there is no widespread desire for more to be provided
- (2) a situation in which any major new store can only be viable if its entry is matched by the demise of one or more existing grocery stores.

Guy (1994c) comments that saturation is a simplistic concept which is meaningless when used at the national level. It can only be applied at the local level. Some parts of Britain are considered to be saturated but in others there are still opportunities for new development. He believes that in the 1990s, rather than increasing their overall share of the market, the leading grocery companies will take market share from each other at the local level.

There is considerable pressure for further expansion in the retail grocery market and the main operators are looking to maintain or increase their market share e.g. through developments in regions where they have not traditionally been strong. Langston et alia (1997) consider that there is considerable potential for further expansion in the British grocery market, but the new planning guidelines in PPG6 may in the long run affect the type of foodstore development that takes place by limiting out-of-centre growth and focusing attention on edge-of-centre sites. As Government policy restricts the availability of out-of-centre sites, a shift in emphasis is taking place towards smaller food stores rather than superstores, such as Sainsbury's Country Stores and Tesco Metro which are designed for small towns and suburban centres to provide essentially for lunchtime and top-up basket shopping.

Another current trend is towards superstores selling an increasing proportion of comparison goods e.g. clothes and footwear, or incorporating in-store pharmacies or post offices. There can be an adverse impact from large food stores on existing shops as their product range is broadened to include non-food goods.

Government policy in the form of PPG6 now places great emphasis on the location of major retail developments. Under the sequential approach, the preference is for

town centre or edge-of-centre developments. The policy is based on the assumption that a location on the edge of a town centre can stop leakage of trade to other centres. The Environment Committee recognised that the planning system is about the location of new development and therefore it must take into account the vitality and viability of centres. It is a question of scale and impact. A superstore is not likely to be acceptable if it would aggravate the problems of a centre which is already experiencing difficulties. An out-of-centre superstore may have a significant impact on a small town, especially one of historic importance. PPG6 acknowledges the vital role that large foodstores and supermarkets can play as anchor stores in maintaining the quality and range of shopping in smaller towns and district centres.

The factors that influence Inspectors in reaching decisions about superstore proposals include:

- evidence of impact of earlier superstores
- the level of objection from traders in the town centre about competition
- the type of shopping in the centre; it may be mainly top-up rather than main food shopping.

In some circumstances, particularly if a small local centre is in decline, the siting of a superstore immediately adjacent may provide a spin-off benefit.

Impact issues dominated superstore inquiries in the early years. Impact on existing shops formed the most contentious and problematic issue. Later, with the growth of experience in practice of the effect of superstores, the arguments on impact tended to diminish.

“In the course of time, impact assessment became a specialist topic in its own right at superstore appeals. The arguments and methodology have tended to be esoteric. There was never a standard or recommended method of assessing the sales or the impact of new superstores, or the effect they might have generally upon trading patterns in the hinterland or the volume of trade withdrawn from the existing shopping hierarchy” (Lee Donaldson Associates, 1991, p22).

In the early years of superstore development, applicants thought that trade diversions of up to 10% would be acceptable. For example, an appeal into the refusal of planning permission for a 50,000 sq ft Tesco superstore in Hartlepool was allowed in 1987. An impact of 9.5% on town centre convenience trade was agreed between the parties and the Inspector accepted that there was no evidence

that the store would undermine the vitality and viability of the town centre as a whole. Later, as Inspectors became more accustomed to interpreting impact issues, this level tended to rise to 15%. In a call-in decision in November 1995 relating to a 5,180 sq m food superstore in Trowbridge, Wiltshire, a 14% impact was regarded by the Inspector as “on the margin of acceptability”. The proposal was refused by the Secretary of State on policy rather than impact grounds because it was an out-of-centre location and the sequential approach had not been applied.

An appeal was dismissed by an Inspector in November 1994 for a Safeway superstore of 63,000 sq ft gross in Norwich on the grounds that impacts of 20% or more were likely in two nearby district centres, which would undermine the vitality and viability of these centres. In some cases, surprisingly low levels of impact can persuade an Inspector to reject a superstore proposal. In a landmark decision on a call-in inquiry in April 1995, an application by Morrisons for a large out-of-centre superstore in Hull was refused by the Secretary of State in agreement with the Inspector’s conclusions that harm to the continued prosperity of existing centres would be considerable. There was some dispute about the predicted trade diversions but the Inspector took the view that the impacts on a total of six nearby centres would be in the range of 6.8% to 10.8%. Even at these modest levels of trade diversion there were serious concerns about the vitality and viability of existing centres.

In recent years superstore inquiries have frequently had to deal with issues of cumulative impact where more than one proposal has to be considered. The importance attached to cumulative impact in the several versions of PPG6 has in some cases meant that a decision to allow an appeal for a superstore development in one inquiry becomes a material factor in deciding a later proposal. But in other cases more than one proposal has been considered at the same inquiry. Cumulative impact issues may dictate that there is only a potential for one development and that if more than one went ahead there would be an adverse impact on existing centres. It is then the responsibility of the Inspector to decide on the planning merits of each proposal. An Inspector can allow multiple proposals and let market forces

determine which one goes ahead. An example of this is mentioned later in this section in relation to proposals for two retail parks in Dumfries.

A good example of cumulative impact issues is the Secretary of State's decision in October 1995 on a joint inquiry into four supermarket proposals in Cockermouth, Cumbria. One involved the change of use of the auction mart premises in the town centre and the other three were out-of-centre sites. The Inspector concluded that there was a need for at least one new supermarket in Cockermouth, but there was capacity for only one out-of-centre store if the vitality and viability of the town centre was not to be harmed. All the parties agreed that a new store on any of the sites would have a convenience trade impact on the town centre of not more than 15%. On balance the Inspector decided that a new supermarket should be located in the town centre and recommended that the appeal in respect of the mart site should be allowed and the other three schemes rejected. This was accepted by the Secretary of State and planning permission granted for a supermarket on the mart site.

Discount Foodstores

The recession of the late 1980s and early 1990s, coupled with the perceived move 'up-market' by the major food retailers, left a niche to be exploited by the food discount operator Kwik Save and the newer continental discounters such as Aldi, Netto and Lidl. By 1993 food discounters already controlled around 10% of the overall grocery trade in the UK and their share of the grocery market could reach 14% by the end of the decade (Arnold, 1995). In other European countries, discounters are more established and have a higher market share e.g. 20% in Germany.

Discounters have low profit margins (typically 4% or less) and offer a 'no frills' approach. They operate from cheap sites, have stores with simple fittings and shop fronts, few staff, a limited product range and high turnover of goods. Prices are usually at least 10% lower than in the larger foodstores and they tend to cater for the less affluent, often non car-borne shopper (Grimley JR Eve, September 1993). Discount foodstores are generally less than 20,000 sq ft gross and occupy sites of no more than 2 acres. Net floorspace is usually only 7,500-8,000 sq ft. They sell

between 500 and 3,000 lines, depending on the operator, compared with about 20,000-25,000 lines at a typical superstore. The four main discount operators (Kwik Save, Aldi, Netto and Lidl) each have defined site criteria which ensure that sites are the right shape and large enough to accommodate the preferred store size and layout.

Discounters tend to pose little threat to the leading superstore operators who are increasingly marketing quality and customer service rather than price, although the major superstores have responded by making some price reductions and stocking cut-price basic items. There are signs of a complementary relationship between superstores and discount stores, and discounters are often keen to locate close to existing out-of-centre superstores. The discount sector is growing rapidly and, together with the continued success of superstores, there appears to be a trend towards polarisation of the grocery market (Hogarth-Scott and Rice, 1994). Local authorities have generally not been opposed to the discount store boom. Since 1990, planning permission has been granted in at least 75% of planning applications for discount stores and there appears to have been no decline in the rate of approvals since the July 1993 version of PPG6. Of those applications which have been refused, few are for reasons of retail impact (Arnold, op cit). This is in line with the analysis of appeal decisions presented earlier, where it was found that since 1993 more appeals have been dismissed for policy reasons rather than on impact grounds.

The question of impact of discount food stores is a difficult one. They are individually small developments but their growing market share and ability to compete with supermarkets and other foodstores can raise issues of trading impact in certain situations. PPG6 recognises that discount food stores can sometimes have a significant impact on town centre retailing and it identifies the need to assess the likely impact of proposals for such developments on the vitality and viability of shopping in the town centre. The discounters are principally targetting the independents, the smaller Co-ops and Gateways serving the lower social profile shoppers. Small towns and centres whose convenience trade is focused on independent retailers and smaller supermarkets serving the less mobile or affluent

sectors are therefore disproportionately vulnerable to the discounter boom (Arnold, op cit).

Evidence of the impact of discount foodstores is available from a survey by the Scottish Grocers Federation in February 1994. A survey was carried out of small independent retailers located near larger, cheaper discount stores. 20 discount stores were chosen at various locations throughout Scotland and at each location 10 independent retailers were surveyed within a 3 mile radius. Many retailers reported that they had lost a significant amount of business, an average of 11%. Impact was particularly serious within a 1.5 mile radius, with turnovers down by over 12% (Scottish Grocers Federation, March 1994).

Evidence of appeals concerning discount foodstores also shows the importance of retail impact issues in influencing planning decisions. For example, an appeal against non-determination of proposals for an Aldi discount store in Prestatyn, North Wales, was dismissed in November 1995. The main issue was the effect of the store, judged to be out-of-centre, on the vitality and viability of the retailing function of the town centre. It was agreed that the convenience goods trade diversion would be in the order of 8-10%, which the Inspector regarded as quite significant in a small centre which had already lost trade to a nearby Sainsbury store. The reduction in the number of shoppers drawn into the town centre would have had a substantial impact on its vitality and viability.

Cumulative impact is also an issue in determining appeals concerning discount foodstores. An appeal was made by Aldi against the refusal of a proposed out-of-centre development in Boston, Lincolnshire, which was decided in July 1994. Boston is a small town but it already has several large foodstores - Asda, Tesco, Somerfield, Co-op and a proposed Kwik Save. Aldi did not claim a quantitative need for further food shopping in Boston, but the store would provide a choice of quality and price not currently available in the area. The Council acknowledged that the overall impact of an Aldi store on the town centre would be relatively small (6-8%) but there was concern about the cumulative impact and the risk that the sole remaining town centre supermarket (the Co-op) would close. The Inspector

accepted that the vitality and viability of Boston town centre is fragile and concluded that although the individual impact of the proposed Aldi development would not be great, there was clear evidence that the cumulative effect would be to undermine the vitality and viability of the town centre. The appeal was dismissed.

Mention should also be made here of 'convenience stores' which operate as small units of 1,000-4,000 sq ft and include operators such as Spar, Jacksons and Costcutter. Their trading philosophy is based on long hours, seven days a week. There is also a trend towards the development of small supermarkets at petrol stations. These could become the new neighbourhood shops over the next decade, meeting consumer needs for convenience and top-up shopping.

Retail Warehouses and Parks

Retail warehouses, according to PPG6, are large single-level stores specialising in the sale of household goods (such as carpets, furniture and electrical goods) and bulky DIY items, catering mainly for car-borne customers and often in out-of-centre locations. In planning terms the type of goods sold is of crucial importance since planning policy usually seeks to restrict the sale of goods which might be termed town centre comparison goods from out-of-centre locations. Hence retail warehouses are normally used for the sale of 'bulky goods' in 3 main sectors:

- (1) DIY/hardware
- (2) furniture and carpets
- (3) electrical goods

Store sizes vary according to the goods being sold but are generally 10-15,000 sq ft in the electrical trade, 30-40,000 sq ft in the DIY trade, and 40-50,000 for furniture and carpets.

"In addition to the social trends which encouraged the general decentralisation of retailing, other trends encouraging the development of retail warehouses, particularly in the DIY and self-assembly furniture sectors, have been: the growth in home ownership, the increase in leisure time, and the rising labour costs of home improvement. The development of retail warehouses has been further encouraged by trends in expenditure - a rapid increase in demand for durable goods, particularly

electrical goods, in contrast to virtually static expenditure on convenience goods” (Gibbs, 1987, p19).

In recent years there has been a movement away from the development of individual retail warehouse stores towards the development of retail parks. PPG6 defines a ‘retail park’ as an agglomeration of at least 3 retail warehouses. There are also ‘hybrid’ forms of retail park, which include superstores or out-of-town comparison goods outlets such as Marks and Spencer. Notable examples are Fosse Park outside Leicester and The Fort Retail Park in Birmingham which opened in March 1997 and is a hybrid between an out-of-town retail park and a small regional shopping centre. The distinction between retail warehousing and conventional retailing is becoming more blurred with new, traditionally town centre retailers moving into a sector previously limited to those selling bulky goods.

The main planning issues concerning retail warehouses and parks are where they should be located and the extent to which they compete with town centres. PPG6 recognises that large stores selling bulky goods may not be able to find suitable sites in or on the edge of town centres. Retail parks are often located out-of-town and that is not a major problem if it is accepted that they do not compete with town centres. But, as acknowledged in PPG6, the impact of retail parks depends on the range of comparison shopping that they offer. There are pressures from the retail industry for a relaxation on the sale of comparison goods outside town centres. The Environment Committee identified the key to limiting the impact of retail parks as being the control of goods sold to prevent town centre comparison goods e.g. clothes being sold out-of-town. But even where there have been restrictions to bulky goods there have been cases of ‘planning creep’ or trading-up over a period of time to more general retailing as defined in Class A1 of the Use Classes Order.

The range of goods sold from retail warehouses can be controlled through planning conditions or a Section 106 Agreement which specifies what may or may not be sold. There is a move towards a ‘negative’ rather than ‘positive’ approach, specifying what can not be sold. This might include goods which are essential to the health of a town centre e.g. food, clothing and footwear, fashion accessories, jewellery, perfume, toiletries, books, music cassettes and CDs, etc. This type of

approach can be more effective and more enforceable than a positive control on goods that can be sold. It avoids the need for a floorspace limit on certain uses and it can be defined flexibly depending on local circumstances.

Inspectors at planning appeals for out-of-centre retail warehouses and parks have observed that it is often difficult to predict the impact on town centres. It is necessary to make a qualitative assessment of the performance of the town centre. The question of need may also arise e.g. when there is leakage of trade out of an area. The degree of competition is important depending on the type of goods proposed. As with superstores, competing schemes may both be allowed by an Inspector, leaving the market to determine which one would be built. For example, an inquiry was held into proposals for two retail parks on out-of-centre sites in Dumfries. The Reporter thought the estimated 12% cumulative impact of the two schemes would be seriously detrimental to the town centre, but there were no clear-cut objections to either site. He allowed both in October 1995 on the proposition that the market would only allow one store to be built. The market does appear to have decided because, at the time of writing, construction has started on one retail park and proposals have been submitted for a foodstore on the other site.

Impact considerations are not usually as significant for individual retail warehouses as they are for superstores because their turnover is much lower and they are part of a sector in which there is a relatively high growth of expenditure. Impacts are often seen as qualitative rather than quantitative. For instance, an appeal was decided in September 1995 on an application for non-food retail warehousing in Bath. The proposal would have drawn only 2% of comparison goods expenditure in the area but the appeal was dismissed because the development was contrary to local plan policy on the location of retail warehouses in Bath. An appeal on a single retail warehouse proposal was also dismissed in Carlisle in August 1995 because, although the Inspector considered that in itself the store would have only a negligible effect on city centre turnover, there would be cumulative impact.

Appeals concerning retail warehouses are mostly related to conditions imposed to restrict the range of goods allowed to be sold. It is quite common for owners and

operators of retail warehouses to seek to relax these restrictions to improve the trading performance of their stores. Where impact issues do apply is in the case of retail parks, some of which are large enough to compare in size with existing town centres. Case Study 3 in Chapter 10 examines the issue of controls on non-food retail development in more detail.

Out-of-Town Regional Shopping Centres

PPG6 defines 'regional shopping centres' as out-of-town centres generally over 50,000 sq metres gross retail area, typically enclosing a wide range of comparison goods. Reference has already been made in Section 3.1 to the early experience of regional shopping centres and approaches to assessing their impacts. In this section attention is focused on the predicted and actual impacts, and on current policy towards further such developments. In Britain pressure for regional shopping centres can be traced back to the Haydock scheme in Lancashire, rejected on appeal in 1964, mainly on the grounds of its predicted impact on existing town centres. The first regional shopping centre to built in Britain was Brent Cross in North London in the 1970s, but this was not strictly an 'out-of-town' development. The early 1980s saw a renewal of interest by developers in regional shopping centres, encouraged by a relaxation in Government attitudes towards out-of-town retailing and the creation of Enterprise Zones (Guy, 1994a).

Four out-of-town regional centres were built in the 1980s; the Metro Centre was the first, followed by Merry Hill, Meadowhall and Lakeside. There was a basic fear among local authorities at that time of a substantial loss of trade from existing town and city centres, leading to a major reduction in retail representation and investment confidence in such centres (Jones, 1989).

Comments are presented here on the impacts of three of the existing regional centres - the fourth, Lakeside at Thurrock, has not been subject to as much investigation. But the Lakeside development was approved by an Inspector despite the fact that it was accepted there would be a substantial loss of trade in Grays town

centre, ten minutes drive away. There is evidence that the vitality and viability of Grays has been adversely affected.

Extensive research was undertaken on the Metro Centre by the Oxford Institute of Retail Management (OXIRM) between 1986 and 1991. Before and after surveys were carried out including:

- (1) 1,000 postal surveys of retail businesses)
- (2) 7,000 shopper interview surveys at the Metro Centre and in Newcastle city centre
- (3) 2,000 household telephone surveys
- (4) land use surveys to monitor changes
- (5) pedestrian flow counts in Newcastle and the Metro Centre.

From the telephone surveys it was established that about 12% of trips which would have been made to Newcastle city centre were being made to the Metro Centre (Howard, 1989). The research found that the impact of the development was very widespread across the North East. Newcastle city centre appears to have been affected relatively little, but the weaker shopping centres such as Gateshead have been affected the most (Howard and Davies, 1993).

Research on the impact of Merry Hill by Roger Tym and Partners (1993) shows that the scheme has been a success commercially but it has had a serious effect on Dudley town centre, with:

- a loss of market share
- a very real decline in floorspace
- a high vacancy rate
- collapse in investment confidence in the town centre
- loss of most of the multiple retailers from the town.

In fact, over half of the 70 or so multiple retailers present in Dudley in 1986 have since left the centre, including Sainsbury, Marks and Spencer, Littlewoods, British Home Stores, C & A, Burtons, Currys, Halfords and Mothercare. Some firms moved directly into Merry Hill, while others left after the initial impact began to affect shopper visits to the town centre. The vacated shops have largely been re-occupied but mainly by low quality discount and variety stores. The centre has clearly suffered a loss of vitality and viability (Guy, 1994a). It is thought that Merry Hill has had a severe impact on Dudley because the majority of its catchment

population lives locally, as a result of poor access to the centre from areas further afield.

The impact of Meadowhall on Sheffield city centre has been of particular concern since the development opened in 1990. Early estimates of trade diversion made in 1986 argued that there would be only a 4% trade loss in Sheffield city centre, but an updated report in 1988 increased the estimate to 12-13%. This is similar to an impact assessment by Sheffield City Council which calculated a trade diversion of 14-15% (Williams, 1991). Hillier Parker have also observed that early studies of Meadowhall failed to predict the impact on Sheffield city centre.

OXIRM has been involved in 5-year research programme to monitor the changes resulting from Meadowhall. The findings show a very extensive catchment area, with more than 30% of trade being drawn from over 30 minutes drive away, compared with 25% for the Metro Centre. Average expenditure made on trips to Meadowhall is much higher than for existing town centres. Initially there was evidence of a serious impact on Sheffield city centre in terms of a decline in trade and a high vacancy rate but by 1996 there were signs that Sheffield is re-establishing itself as a major shopping centre. In its UDP Sheffield City Council wanted a complete embargo on any more out-of-town retailing at Meadowhall, but the Inspector thought this was too restrictive and modified the policy to prevent any more out-of-town retailing at Meadowhall unless it can be shown that it would not have an adverse impact.

The four regional centres currently trading in England are the only ones out of a total of around 50 which were originally proposed. Some were approved but subsequently found not to be viable schemes, but most were refused on retail impact or policy grounds. For instance, the Centre 21 scheme near Leicester was dismissed on appeal in 1982 but only after the Secretary of State had overturned the Inspector's recommendation to allow it. The Inspector accepted figures of 17% impact on durable expenditure in Leicester central area, 13% in Hinckley and 12% in Loughborough. The Secretary of State decided that these impacts would seriously affect the vitality and viability of the centres. A proposal for a 500,000 sq ft

regional centre at Duxford, south of Cambridge, was rejected by the Secretary of State in 1994 because it was contrary to policy in PPG6.

Probably the most controversial regional centre proposal in recent years has been the Trafford Centre at Dimplington in Manchester. The original planning application was made in 1986 and, after two inquiries, planning permission was finally issued in 1993. But following appeals to the High Court and the Court of Appeal, the consent was quashed on legal grounds in 1994. The House of Lords over-ruled this decision and granted planning permission in May 1995. Also controversial is the proposal for a large extension to the Merry Hill Centre which was called-in by the Secretary of State in December 1995. If approved, the extension would increase the floorspace to almost 2 million sq ft. The proposal was subject to a public inquiry in June 1996 at which impact arguments were paramount. At the inquiry significant impacts were predicted on other centres, especially Dudley, even by the owners of the centre. The proposed extension was refused by the Secretary of State in July 1997 The Inspector concluded that impact was likely to be in excess of 20% on Dudley and approaching this level on Stourbridge and Brierly Hill. There are also current proposals for a 380,000 sq ft extension of the Metro Centre, which includes a large Debenhams department store, replacing the Asda superstore which is relocating to a freestanding site on the adjacent retail park.

In addition to the existing regional shopping centres already referred to, a smaller out-of-town centre, the 650,000 sq ft White Rose Centre in Leeds opened in Spring 1997. At the present time, a further 4 out-of-town regional centres are under construction or approved in Britain. In summary, they are:

	<u>Date of Opening</u>	<u>Gross Floorspace</u>
Cribbs Causeway, Bristol	March 1998	725,000 sq ft
Braehead, Glasgow	Autumn 1998	600,000 sq ft + 375,000 sq ft retail park
Trafford Centre, Manchester	Autumn 1998	1.0 million sq ft
Bluewater Park, Dartford	Spring 1999	1.6 million sq ft

PPG6 recognises that new regional centres can have a substantial impact over a wide area and severely harm the nearest major centres. It states that in most regions there is unlikely to be scope for an additional regional centre without adversely affecting the vitality and viability of existing centres. The Environment Committee took the view that the benefits of regional centres have been counterbalanced by the fact that they have led to ‘cannibalism’ of retail trade and employment from existing centres - this is certainly true of Merry Hill. But the Committee felt that since the effects of regional centres vary considerably it is difficult to generalise about their impact. The key issues appear to be the strength of existing centres and the extent of the regional centre’s catchment area. These are clearly factors to be included in any assessment of regional centre proposals.

It has been argued by Fernie, J (1995) that the ‘third wave’ of regional shopping centres envisaged by Schiller (1986) which is referred to in Section 2.7, has never really materialised because so few regional centres have been built. The market has looked for new formats which are more specialist in nature such as factory outlet centres and warehouse clubs, which represent the ‘fourth wave’, but these new forms of retailing are also facing an “increasingly hostile political environment” (Fernie, J op cit).

Factory Outlet Centres

PPG6 defines factory outlet centres as groups of shops, usually away from the town centre, specialising in selling seconds and end-of-line goods at discounted prices. They are outlets from which manufacturers, rather than retailers, can sell direct to the public, usually of 10-15,000 sq, metres gross floorspace containing 50 or more shop units selling end-of-season lines, overstocks, seconds and other lines which for trading reasons retailers can no longer allow to take up valuable space in full price High Street shops. Because goods are sold at discount prices, factory outlet centres attract visitors from a wide area who like bargain-hunting and who are out for a leisure-orientated day trip. Factory outlet centres had their origins in the United States in the 1970s and they have become an increasingly important element in the

American retail scene, with some 350 centres or malls in existence by 1994, but they are a very new phenomenon in Britain.

Individual factory shops have been quite common in Britain for many years. The first 'embryonic' factory outlet centre was developed out of some conventional retail units around an original pottery factory shop at Hornsea in East Yorkshire. The Hornsea Freeport centre opened in 1992, followed in 1993 by the first purpose-built centre, Clarks Village, at Street in Somerset. Both centres also have significant leisure attractions (Jones, 1995). Since then a number of other factory outlet centres have been opened, and by June 1997 there were 15 factory outlet centres operating in England and one in Scotland. A further 8 schemes are under construction and 13 have planning permission. It has been predicted that the UK will be able to accommodate only between 25 and 35 factory outlet villages because of the increasing difficulties in obtaining planning consents (Property Week).

Various lessons have been learnt by US operators over the last 20 years:

- (1) It is not possible to develop successful outlet centres close to major retail centres because manufacturers are too sensitive about the effects on sales of full-price items in those centres
- (2) Visits to factory outlet centres are very infrequent, necessitating good access to a large catchment population
- (3) There is a high degree of linkage between visits to factory outlet centres and other leisure-related activities.

All of these lessons are relevant to the development of factory outlet centres in Britain (Booton, 1994). They are all arguments that have been used by promoters of schemes in seeking planning approval. However, four 'fictions' about factory outlet centres need to be pointed out if local authorities and town centre retailers are not to be misled (Baldock, 1996b) - see overleaf.

	CLAIM	RESPONSE
1	They sell goods which are not available in town centres and are therefore not in competition with town centres.	Expenditure is finite and any expenditure at factory outlet centres will reduce the amount available for spending in town centres.
2	They capture 'leisure spending' rather than the retail spending which goes to town centres.	There is a limit to the amount of clothes, shoes, etc that people need or are willing to buy.
3	Trade attracted to factory outlet centres benefits the centre of the town where the factory outlets are located.	Most developments are located on the edge of towns or out-of-town, where there is virtually no potential to generate linked trips.
4	When a planning application is made, the supporting retail impact study is objective and accurately indicates the likely impact on nearby town centres.	Developers' impact studies and other supporting information are commissioned to make a case in favour of the scheme but they are not objective documents.

PPG6 (paragraph 3.9) notes that:

“For factory outlet centres, the issue for planning policy purposes is not whether goods are sold at a discount, but whether such retail developments would divert trade in comparison goods from existing town centres, whether they would be accessible by a choice of means of transport and, in particular, whether they would have a significant effect on overall car use. These centres would draw customers from a wide catchment area, predominantly by car, and as a result are unlikely to be consistent with the criteria in this guidance, unless these issues can be satisfactorily resolved.”

On one hand, it may be argued that such outlets, because of their potentially large catchment areas, have a diluted impact on particular town centres, but on the other hand the type of goods normally offered (fashion, china, gifts, etc) are also those sold by the most vulnerable town centre traders (Holt, 1996). The concern about the effects of a factory outlet boom is quite understandable. Since most factory outlet centre proposals are located out-of-centre there is a risk of diversion of comparison goods expenditure, though the potential effect will vary from town to town. At Bicester, for example, the outlet centre is next to a Tesco superstore and

the combined retail floorspace is greater than that available in the town centre (Jones and Vignali, 1993).

Developers of factory outlet centres argue that the levels of trade impact will be low, generally less than 3% of comparison goods trade (Jones, 1995). Retail impact studies that have been carried out on factory outlet centre proposals also suggest that trade diversion from existing centres would be minimal. In the Hartlepool Retail Study carried out for Hartlepool Borough Council by England & Lyle in 1996, it was estimated on the basis of household and shoppers survey information that the Jacksons Landing factory outlet centre in the Marina had resulted in a trade loss of only 3% from Hartlepool town centre. This was a surprisingly low impact considering the location of Jacksons Landing very close to the town centre, but it is explained by evidence that the trading performance of the factory outlets is much lower than was expected and that two-thirds of the trade comes from outside Hartlepool.

Quite apart from their quantitative effects, the Environment Committee were concerned about the danger that factory outlet centres are allowed to sell general lines rather than seconds or end-of-line goods, so making them indistinguishable from town centre shops. This has already happened in the US. While factory outlet centres have been very successful in the US, Jones (op cit) points out that the retail structure, urban fabric and many cultural values are different Britain. In the US the market dominance of named brands has been crucial but in Britain the consumer has a much stronger loyalty to retailers e.g. Marks and Spencer than to particular product brands. Therefore, in Britain the appeal of factory outlets is likely to be less important. Also, while there has been a major decline and decay of town and city centres in the US, there is still a viable network of town and city centres in Britain where it is possible to obtain competitively priced clothes and household goods.

Approaches to assessing the impact of factory outlet centres are not yet well developed. There are problems, for instance, in estimating the extent of the catchment areas and the likely trade draw. Studies so far have tended to rely on US

experience but in the UK there is a more complex pattern of overlapping catchment areas of town and city centres. Until this new form of retailing has become more established, and the real effects of developments measured by surveys, it will be difficult to have confidence in impact assessments on factory outlet centres.

Policy towards factory outlet centres, now set out in PPG6, seems to have been firmly established in the landmark decision on the Cotswold Outlet Village, a large factory outlet centre proposal at Tewkesbury in Gloucestershire in June 1996. The Inspector recommended in favour of the scheme but it was rejected by the Secretary of State. In terms of impact, even the worst-case assessment failed to demonstrate a significant quantitative impact on any neighbouring centre. In fact, the Secretary of State highlighted the inherent uncertainties and dangers of relying too heavily on potentially unsafe impact studies. He agreed with the Inspector that clear evidence was lacking that the Cotswold Outlet Village would have a sufficiently harmful impact on the vitality and viability of any existing town centre to justify refusal of planning permission on these grounds. But on wider PPG6 issues the Secretary of State found that the application failed the key tests on accessibility and travel impact.

It is likely that PPG6 and PPG13 issues will form the basis for future opposition to factory outlet centres because the preferred locations are near motorway junctions and these centres aim to attract shoppers from a very large catchment area (Moss and Fellows, 1995). Such issues determined the outcome of the controversial proposal for a factory outlet centre next to the A1(M) junction at Bowburn near Durham City in 1995. Following the Tewkesbury decision, the application for the Bowburn scheme was withdrawn. It is likely that fewer factory outlet centres will be built than was anticipated a few years ago, that they will be closer to town centres, and they will occupy brownfield rather than greenfield sites (Ferne S, 1996).

Warehouse Clubs

Warehouse clubs are out-of-centre businesses specialising in bulk sales of reduced-price goods in unsophisticated buildings with large car parks. The operator may limit access to businesses, organisations or classes of individuals, and may agree to limit the number of lines sold. Warehouse clubs provide the opportunity to buy in bulk a variety of grocery, household and electrical goods at discount prices. They charge customers a small, annual membership fee and prices are kept low by minimal overheads, low profit margins and by stocking only a limited number of brands (up to 5,000 lines). The first American-style warehouse club in Britain was Costco at Thurrock in Essex in late 1993. However, warehouse clubs are not a totally new concept in Britain. Matalan have operated cash and carry warehouses for comparison goods for many years, and other cash and carry businesses e.g. Makro operate on a similar basis. Costco is not open to the public. It charges an annual membership fee and members are issued with a membership card. The membership policy is strictly enforced. Business members account for approximately 65% of total sales (Hughes, 1994).

Warehouse clubs received widespread publicity as a result of the legal challenge by the 'big three' foodstore operators (Safeway, Sainsbury and Tesco) to the decision by Thurrock Borough Council to grant planning permission for a Costco store of 140,000 sq.ft. gross. It was argued by the foodstore operators that this form of shopping is not strictly "retailing" and did not fall within Use Class A1. The Court ruled that a warehouse club was not a 'shop' but the revised PPG6 in 1993 made it clear that a warehouse club should be treated as a retail use. Its impact on existing centres is just as likely as in the case of a retail store.

There is great uncertainty about the impact of warehouse clubs on town centre shopping. The Environment Committee said that warehouse clubs resemble low price, limited range department stores and they are similar to retail parks in size. The Committee endorsed the statement in PPG6 that applications for warehouse clubs should be treated as retail and tested against retail policies. PPG6 states that

these outlets share many of the characteristics of very large retail outlets, and they should be treated as if they were retail businesses.

Warehouse clubs have been an enormous success in the USA, with over 500 stores, a turnover of more than £15 billion, and membership of over 21 million or 5% of the US population (Westlake and Smith, 1994). So far there is no significant experience of major outlets of this kind in Britain. The number of sites will be limited - perhaps 4-5 hectares in accessible, out-of-centre locations with a substantial catchment population. The development of warehouse clubs is fundamentally at odds with attempts to direct new shopping investment towards town centres, but it may be difficult to demonstrate harm to existing centres. Their impact on food retailing is likely to be small because of controls on membership, and because the range and types of goods sold are limited. There may be some potential in the major conurbations but elsewhere the main foodstore operators and the discounters are unlikely to be affected to any great degree. The possible effects on non-food retailing may be greater, however, but here they are likely to compete with the retail parks more than with town centres.

8.5 Summary

Although most proposals for major retail development are decided by local authorities, a significant proportion are appeal decisions (or call-ins) made by Planning Inspectors. Inspectors have to assess all the material considerations involved in a proposed development, including retail impact factors. There is no formal guidance to Inspectors (or Reporters in Scotland) on assessing retail impact, and no standards or criteria by which to judge the significance of retail impact.

Deciding what is a significant level of retail impact is extremely difficult and further advice on this point is given in Chapter 11. The percentage trade diversions that have been regarded as critical by Inspectors in making appeal decisions vary widely. Impacts of below 10% have been considered unacceptable in some situations, and impacts of more than 20% have been regarded as acceptable in other cases. The prominence given in the latest PPG6 to cumulative impact is significant.

Cumulative impact has become a key factor in decisions on large-scale food and non-food developments.

A detailed analysis has been made of the COMPASS database on planning appeals for retail developments in Great Britain between 1983 and 1996. There is a higher rate of success on appeal for non-food developments than foodstores but the proportion of appeals dismissed has increased since PPG6 was revised in 1993. Evidence of lack of impact has been predominant in decisions to allow appeals, but other factors are also important, especially policy issues and amenity. Impact is also the most important factor in appeals dismissed but policy reasons are becoming of greater importance, reflecting the influence of PPG6. About half of all appeals decided since 1983 are for foodstore proposals; 49% of the appeals for foodstores and 58% of the appeals for non-food developments have been allowed. A regional analysis shows that the proportion of appeals in the South of England is much higher than its share of population, reflecting the greater pressure for development in the South than elsewhere in Britain.

Evidence from the rapid spread of superstores in Britain in the 1970s and 1980s is that they have generally not had a significant impact on nearby shopping centres. However, about half of all appeals for foodstore developments are dismissed, and since 1993 the proportion of appeals dismissed has increased to 55%. The 'rule of thumb' for the significance of the impact of superstores has tended to increase from 10% to 15%, but relatively low trade diversions can be considered significant if they would harm the vitality and viability of particular centres.

Discount foodstores are taking an increasing share of the UK grocery market, following trends in Europe. Impact issues are different from those for superstores because developments are individually relatively small, but there is evidence that they can have a significant impact on the vitality and viability of town centres. Appeals have been dismissed with predicted trade diversions of less than 10%.

Retail warehouses selling bulky non-food goods, and groups of retail warehouses in retail parks, can compete with comparison shopping in town centres. It is more

difficult to establish impact in quantitative terms with retail warehouses than for foodstores. But in the case of retail warehouses and retail parks qualitative issues are more important in judging impact on the vitality and viability of town centres. Concerns about retail impact can be overcome through the use of planning conditions or legal agreements, and Chapter 10 examines the use of such controls in more detail.

There are few examples of predictive impact assessments of out-of-town regional shopping centres in Britain. Most research has taken the form of post-hoc studies of the regional shopping centres that were built in the 1990s. Their impact has been variable but is clear from the experience of Meadowhall and Merry Hill especially that nearby town and city centres can suffer serious levels of retail impact. Several new regional centres are currently under construction but the new PPG6 effectively restricts the possibility of further developments of this type.

So far there is little evidence of the impact of factory outlet centres in Britain, but the evidence suggests that because their catchment areas are very widespread, there is little impact on nearby centres. However, qualitative factors must also be taken into account, particularly the PPG6 tests on accessibility and travel patterns.

Warehouse clubs are beginning to appear in Britain in the major conurbations, selling basic food and non-food items in bulk to a limited membership. They are treated in policy terms as retail developments and their potential impact is likely to be mostly on superstores and retail parks, rather than town centres.

It is clear that appeal decisions on major retail developments are still based to a large extent on impact issues. But the interpretation of impact has become a much more important factor, rather than just the estimation of trade diversion. The predicted level of impact must be interpreted in the light of the vitality and viability of the centres affected.

The introduction of the new PPG6 in July 1996 gives a subtle change of emphasis to the assessment of retail impact in relation to proposals for major retail development.

In particular:

- it gives added importance to the quantitative assessment of impact, as long as assessments are broadly-based and well justified, especially by empirical survey evidence
- the meaning of 'impact' has changed - it now means much more than just the quantitative analysis of trade diversion
- there has been a shift from a purely quantitative approach to a more qualitative assessment including the sequential approach to considering the location of proposed new developments
- it is now necessary to consider accessibility and transport factors in addition to the established 'impact test'.

The implications of these points for best practice in the application of retail impact assessment are highlighted in Chapter 11.

9. EXPERIENCE IN EUROPE AND NORTH AMERICA

Chapter 8 examined the application of RIA in Britain, comparing retail impact issues in relation to different types of retail development. Experience of dealing with pressures for new, major retail developments and the response of the planning system to these pressures in Britain is now very well developed, and the approaches used have reached a high level of sophistication. This chapter steps back from the detailed examination of experience in Britain to consider how problems of new retail development have been tackled internationally. It looks at the experience of Europe, particularly Western Europe, and North America in terms of the type of retail development that has taken place, the planning response to these developments, evidence of retail impact, and approaches to impact assessment. Europe and North America have been selected because they represent areas which have seen retail development take place on a large scale over recent decades, and which can be expected to provide lessons about approaches to retail planning in Britain. This chapter is not intended to be an exhaustive coverage of retail development in these areas but simply a commentary on international experience as a basis for comparison with the more detailed examination of retail impact issues in Britain.

9.1 Relevance of International Comparisons

At the outset the view was taken that international comparisons must be relevant to an understanding of new retail development in Britain and the way in which the planning system seeks to influence the retail development process. The following issues were identified as being particularly important in comparing Britain with other countries:

- what is the latest evidence of impact in different countries?
- how does impact vary between different types of development?
- how have governments responded to pressures for development?
- what methods are used to assess impact, and is there a commonly accepted 'preferred approach'?
- are decisions based mostly on economic impact or are other factors also considered e.g. social and environmental?
- what lessons can be learned for the application of RIA in Britain?

“The single most profound feature of retailing in the UK and the USA in the last twenty years or more has been the persistent and increasing trend for retailers to locate in out of town or edge of town locations” (Hall and Breheny, 1987, p244).

There are some lessons to be learned from North America, but Hall and Breheny (1987) point out that out-of-centre development has proceeded much further in the USA and Canada than in Britain. In Britain investors and retailers have continued to have confidence in established centres.

Guy (1994a) elaborates on the growth of out-of-town shopping in North America with reference to regional shopping centres. He states that:

“The regional shopping centre is a North American phenomenon which was the logical outcome of the needs of shoppers and retailers in an unregulated development market. Department stores migrated from traditional town centres and their customers quickly came to prefer the climate-controlled, clean and safe environment of the shopping mall compared with the sometimes unsavoury environment within the CBD” (Guy, 1994a, p310).

By comparison, regional shopping centres have not become so established in Britain, and Guy notes that most regional centres in Britain have been built in locations quite different from those typical of North America. The pattern of development of out-of-town centres in the USA and Canada is examined later in this chapter. The similarities and differences between British and North American experience, therefore, can be very instructive in understanding the retail development process in Britain.

It is also extremely relevant to compare Britain with Western Europe. Guy (op cit) points out that in Western Europe the town or city centre generally has a much stronger role than in North America. It is of historical importance and has a business and entertainment function as well as a shopping function. Out-of-town centres are seen in Europe as being for shopping only. New out-of-town centres have faced opposition from established interests, and those that have been built, notably in France, have not always been successful.

It is not just the nature of retail development which is relevant in international comparisons; the planning and political context is also a major influence. The relaxation of British restrictions on out-of-centre development in the 1980s (although

short-lived) was in contrast to the experience of several European countries and parts of Canada, where controls over suburban retail development have been intensified as the implications of such development for existing centres became apparent (Guy, 1994b).

“So far as retail development is concerned, there are two important aspects which differentiate the various national or provincial systems of land use control. The first is the extent of flexibility and discretion embodied in the system. The British system is unusually flexible: national and local planning policies are generally vague and allow considerable discretion to planning officials. In contrast, planning systems in most other European countries and North America are more precise, based around the principle of zoning ordinances which set out precise rules of land use and building design for specific areas. The second relevant dimension of planning systems is the extent to which there is strategic control over retail development. Here, European systems generally impose such control (often through specific legislation rather than land use planning guidance as such) whereas most states and provinces in North America do not” (Guy, op cit, p92).

The Environment Committee report on Shopping Centres and their Future (October 1994) recognised that France and Germany have markedly different approaches to retail planning and development than those in Britain. Members of the Environment Committee visited France and Germany in connection with their inquiry but the report makes little reference to the experience of dealing with problems of retail planning in Europe and its conclusions and recommendations do not point to any lessons from retail development in Europe. This is significant in itself because it suggests that there are no easy answers to the problems of out-of-centre retailing in Britain, and those answers may not be found elsewhere.

The role of the institutions which influence retailing is also a relevant consideration.

“The geography of retailing can be comprehended only if the role of the institutions which channel the demand from shoppers and retailers into particular types of retail development is also understood. The strength of these institutions - financial and governmental - in Britain has had decisive effects on the location and type of new retailing and has led to a very different pattern of development from that which obtains in North America” (Guy, 1994a, p310).

9.2 Retail Development in Europe

The growth of out-of-centre retailing in Europe is most evident in France. The hypermarket concept originated in France, initially by Carrefour, and there was a rapid

growth in the late 1960s and 1970s. The number of hypermarkets rose to about 450 in 1981, then doubled again to over 900 in 1991. However, the rate of development in the 1980s was slower than in Britain where the number of superstores increased from 280 in 1981 to more than 730 in 1991.

The significance of hypermarkets in France can be attributed to the higher density of urban development compared with towns and cities in Britain. There was little room for expansion in the central areas and a lack of sites for new developments. Hence the trend towards out-of-town development (Mills, 1974). Virtually all large retail developments in France have taken place on greenfield sites. Until the advent of the hypermarket in France, independent retailers still dominated the grocery market (Davies, 1976).

Out-of-town regional shopping centres first appeared in Europe in France, Germany and Sweden during the 1960s. In France the Parly 2 centre (55,000 sq. metres) which opened in 1969 was the first of several fully enclosed centres to be built in the Paris region. These centres were anchored by branches of department stores already operating in the centre of Paris. Several such centres were built in peripheral locations around the major conurbations in the period up to the mid 1970s, some of them related to the development of new towns (Dawson, 1983). Most of the centres developed around Paris have now lost their department store anchors, to be replaced by hypermarkets (Reynolds, in Bromley and Thomas, 1993).

Germany's experience of retail change has been more similar to that of Britain although there are certain basic differences. The most important of these is the number of large discount and variety stores in out-of-town locations (Davies, 1976). By 1980 three large out-of-town centres had been opened in the former West Germany (TEST, 1989).

Other parts of Europe have also seen a trend towards superstores and out-of-town centres. In Sweden there has been sustained pressure from the retail industry since the late 1960s for developments to be sited away from established city centres. Because of the geographical distribution of population, almost all out-of-town developments are

located in the south of Sweden. As in Britain, there has been a decrease in the number of retail stores and an increase in the dominance of multiples, particularly in food retailing (Westlake and Forsburg, 1996).

In the Netherlands shopping centres exceeding 40,000 sq. metres sales area did not appear until the 1960s. The threat of these new shopping centres did not provoke changes in the planning machinery to safeguard town centres. It was the advance of out-of-town superstores and discount stores which was seen to be more serious. The first Dutch superstore began operating in 1968 but by 1971 there were some 50 superstores averaging 2,300 sq. metres (Borchert, 1988).

9.3 The Planning Response: Europe

Planning regulations vary considerably across Europe. Most countries have planning laws that attempt to protect traditional town centres from the perceived threat of out-of-centre retailing. There tends to be a stricter control over new retail development than in Britain, with legal backing involving locally organised impact studies and regulatory committees (Guy, 1994b). There is now evidence that the tighter planning policies that apply in Europe are having an effect in slowing down retail development. The development of regional centres in France, Belgium, the Netherlands and Germany has been almost halted since the late 1970s, mainly by government legislation controlling virtually all retail development outside existing town and city centres (Guy, 1994a).

In France the rapid growth of hypermarkets and concern about their impact on established centres led to government intervention and control of the development process in the early 1970s. The Loi Royer in 1973 established a series of departemental planning commissions composed of retailer, locally elected and consumer representatives. These commissions were given the power to authorise or reject planning applications for large retail units and extensions to existing stores above certain size thresholds dependent on the size of the commune in which development was to take place. The law allowed for an appeal procedure in which the Minister of Commerce and Crafts, advised by a national commission of similar composition, was the final arbiter (Burt, 1985). The original threshold was 3,000 sq. metres gross

floorspace or 1500 sq. metres sales area in towns of more than 40,000 population, or more than 1000 sq. metres in smaller towns (Delobez, in Dawson and Lord, 1985).

The effect of the Loi Royer was an immediate reduction in the rate of development of large shopping centres. But the pressure for development of hypermarkets continued (Dawson, 1983). Whilst the legislation had some short term and localised impact on hypermarket development, in the long term the restrictive effects of the law were less apparent. By exploiting various loopholes and failings in the legislation, hypermarket openings have continued and the large retail groups have maintained their growth largely at the expense of the smaller retailer, whom the law was intended to protect (Burt, op cit).

A moratorium on the further development of out-of-town shopping was introduced in France in 1993 as a reaction to pressure from small shopkeepers and others concerned about the impact on traditional retail patterns (Environment Committee, 1994). Amendments to the Loi Royer have now made it extremely difficult for developers to obtain planning permission for any new sales area of more than 300 sq. metres. Further changes to the legislation in France relating to the assessment of retail impact are referred to in Section 9.7.

There are clear differences between Britain and Germany in retail policies. As in France a large number of out-of-centre developments were permitted in the 1970s but increasingly controls were placed on development. Germany maintained a firmer control on large new retail developments in the 1980s than happened in Britain. Development plans provide a policy framework for the development of large retail stores. Germany has fiercely resisted the trend towards out-of-town development, seeking instead to find ways to make the old centres accessible and more attractive (Hall, 1988). In Germany the tendency has been to preserve town and city centres as the focus for shopping, making it very difficult to gain planning consent for any shopping centre development in or out of town.

The legislative framework is through the BBauG or Federal Construction Law which controls the location of new retail development. It is supplemented by the BauNVO or

Construction Use Regulation. The BauNVO stipulates that shopping centres and large retail outlets can only be established in certain areas, such as outer industrial or mixed use zones, without special authorisation, or they must be integrated with existing shopping (TEST, 1989). It also lays down a threshold floorspace figure for new developments. The BauNVO has had several amendments to cope with continuing pressures for large-scale retailing developments. The latest amendment in 1986 lowered the threshold to 1200 sq. metres. These restrictions on large stores and their location have encouraged the emergence of smaller specialised discount stores (Kulke, 1992) and have led to the location of superstores in inner city areas (Zentes and Schwarz-Zanetti, 1988).

The Netherlands has a tradition of more localised shopping patterns than in Britain. Planning policy has generally been more strict in attempting to control pressures for development. Pressure for out-of-centre retail development led to a revision of the Physical Planning Act in 1976 to make retail planning studies compulsory for development plans to investigate the existing retail structure of an area, consumer behaviour and future shopping prospects. But by the time these measures had been adopted, the boom in most kinds of peripheral retailing was over. The Government reformulated its policy for large-scale retailing in 1984, but it remained restrictive towards out-of-centre development. The requirement for retail studies was lifted in 1985 (Borchert, 1988). Developers must now prove that development is not possible in sites on the edge of a town centre and accessible by public transport before an out-of-town location will be considered. This policy is remarkably similar to the British Government's policy as set out in PPG6.

As in Britain there is a growing concern in Sweden for the vitality and viability of town centres. Westlake and Forsburg (1996) point out that, unlike Britain, Sweden has no national policy towards retailing and local government is not required to produce retail policies or plans, although municipalities do have the power under the 1987 Planning and Building Act to influence the location of retail outlets. Traditionally politicians and planners have sought to defend the town centre as the main area for commercial activity in the municipality. Prior to 1992 municipalities were criticised by retailers for reinforcing the existing market structure by not granting permission for out-of-town

centres or for siting food stores in industrial areas. Since 1992 municipalities have lost the power to restrict new retail development to residential or town centre locations.

“Sweden finds itself in the position of the UK in the mid 1980s with a steady decline of traditional town centres. If central and local government in Sweden do not respond quickly then it will be too late to preserve the vitality and viability of many town centres” (Westlake and Forsburg, 1996, p28).

9.4 Retail Development in North America

Out-of-town shopping centres have had a much longer history in North America than in Europe. Their development can be traced back to the arcades of the 19th century. The 1950s saw the first fully enclosed, air-conditioned shopping malls which provided a new standard of physical environment for the shopper. Several factors led to the growth of out-of-town retailing in North America, notably suburbanisation, car ownership and increasing wealth. There were two major trends:

- (i) decentralisation - the shift of retail activity from the central business district (CBD) to suburban areas, and
- (ii) the development and rapid growth of planned shopping centres.

This section focuses on the USA but also makes reference to Canada which has also experienced the growth of shopping malls.

Demographic factors have probably been the major influence on the decentralisation of retailing in the USA and the decline of the city centre. Decentralisation of population has been combined with higher rates of growth of consumer spending in the suburbs. Retail investment followed population dispersion in a relatively free market with few land and planning restrictions (NEDO, 1988). The key factor in retail decentralisation became the decisions of department store companies to develop ‘junior’ department stores in the new suburban centres and close their central area stores after several suburban stores had successfully been established (Guy, 1994a).

By 1990 there were 36,650 planned shopping centres in the USA, accounting for 55% of retail sales (Goss, 1993). Almost 1,800 of these centres were of over 400,000 sq.ft and almost all are in suburban locations (Guy, op cit). The Mall of America near

Minneapolis is the largest in the USA with more than 400 stores. As one writer puts it, “*suburbia has been malled*” (Lord, in Dawson and Lord, 1985).

Planned shopping centres have evolved into four major types:

- (1) super-regional centres - enclosed with over 100,000 sq. metres gross floorspace, 100+ shop units and several department stores
- (2) regional shopping centres - usually enclosed with 40-100,000 sq. metres gross floorspace and several anchor stores
- (3) community shopping centres of 10-40,000 sq. metres anchored by a discount department store
- (4) neighbourhood shopping centres of up to 10,000 sq. metres anchored by a supermarket and drug store.

From the mid 1970s onwards these ‘conventional’ formats have been augmented by three new types of centre:

- (1) ‘theme’ centres composed of related specialty stores e.g. selling fashion goods, mostly in city centres or affluent suburbs
- (2) ‘multi-use’ centres in healthier city centres e.g. Boston, including significant office and entertainment provision as well as retail space
- (3) factory outlet centres offering merchandise at discount prices (Rogers, in Davies and Rogers, 1984).

Since the 1970s there has been increasing specialisation of American retailing, with the rise of the specialty store at the expense of the department and variety store. A new trend has emerged with the growth of ‘category killers’ which couple wide selections and low prices in order to dominate their sectors. This reflects an increasing focus on ‘everyday low prices’ as a competitive tactic (Rogers, 1991).

The decline of the CBD as the prime retail focus has brought about the development of downtown malls to attract shoppers back to city centres (Fairbairn, in Davies and Rogers, op cit). Although a number of American cities realised that retail revitalisation was essential, these mall developments in city centres have tended to be unsuccessful because the concept does not work well in an urban setting (Carey, 1988).

Canada experienced a rapid growth of purpose-built shopping centres in the 1960s. As well as the general growth in consumer demand, three factors combined to produce a new dimension to consumer demand:

- (1) rapid growth in the urban population, especially in Montreal, Toronto and Vancouver
- (2) increased car ownership which allowed the development of extensive suburbs in many Canadian cities
- (3) activities of land investors and developers in developing planned shopping centres in suburban locations (Shaw, in Dawson and Lord, 1985).

West Edmonton Mall in Alberta, with 5 million sq.ft. of floorspace, is the world's largest shopping centre development.

Since the mid 1980s the rate of development of new shopping malls in North America has declined substantially, mainly because the local markets in many areas have reached saturation point (Carlson, 1991). Competition between centres has remained strong in the 1990s, and many centres have faced financial difficulties. Developers are now looking to build new stores and centres on freestanding sites along major traffic arteries (Ghosh and McLafferty, 1991).

9.5 The Planning Response: North America

To understand the planning response to pressures for out-of-town retailing in North America, it is necessary to refer briefly to the governmental context in which planning operates in the USA and Canada. The USA is a federal state divided into 50 States. Each State has its own legislature and constitution based on the federal model. The 50 States are divided into Counties and incorporated cities. The federal government generally does not get involved in land use planning - that is left to individual States and Counties. Planning legislation and institutions are left to the State and local levels of government. Planning has tended to be concerned with zoning and the use of particular areas of land. States have 'goals' which set the basis for locally prepared plans. Retail development can proceed if it is 'correct for the zone' but planning permits are required for building (Thomas, 1992, and Teitz, 1996).

"Public policy control aimed directly at commercial development of all types in the USA traditionally has been minimal" (Dawson and Lord, 1985, p9).

In Canada planning legislation affecting retailing is provincially organised and there are disparities between Provinces. Alberta, home of West Edmonton Mall, has generally chosen a very 'laissez-faire' attitude. Ontario, on the other hand, where the 1983 Planning Act closely resembles the system in England and Wales, exerts rather more

control. Provincial initiatives have been taken to curb regional shopping centres and there are both federal and provincial initiatives offering positive aid to downtown traders (Hallsworth, 1990).

Therefore, in much of North America there is no attempt at state or local government level to regulate the provision of shopping development. Land use planning exists only in the form of zoning ordinances which are intended to ensure that 'bad neighbour' effects of large scale development are minimised. In this context the competitive effects of new development upon older shopping centres is not generally considered a legitimate focus for government intervention. Significant differences, however, exist between southern and northern USA and between western and eastern Canada. In the latter areas some controls have been introduced by State or provincial governments following the effects of previous unregulated developments of regional shopping centres (Guy, 1994a).

"Urban planning is rooted in reformist and utopian traditions - the belief that it is important and possible to create a better society, and that improved settlements are an important way to achieve that end" (Teitz, 1996, p657).

One of the few examples of public policy intervention in the USA is the Community Conservation Guidance policy (CCG) operated by the Carter administration between 1979 and 1981. It authorised under certain circumstances the preparation of an impact analysis for new retail development which involved federal action or funding. A community impact analysis was to be carried out to consider the positive and negative impacts of any large-scale retail development which might have an adverse impact on existing centres. If a negative impact was predicted, federal agencies were not to provide support for the development of the project. But the policy met with strong opposition from the retail industry which was antagonistic to the programme before it was even clearly formulated (Dawson and Lord, op cit). The policy was terminated by the Reagan government in 1981. Although in effect for only a few years, CCG did slow down the development of regional shopping centres.

A more recent example of the response to the effects of out-of-town retailing in the USA is in the form of positive initiatives to help town and city centres which have suffered decline as a result of out-of-centre developments. City centres still have a

captive market of business employees and residents, and visitors to the central area. There is an increasing number of revitalisation schemes in central areas (Healey and Ilberry, 1990). Some cities have introduced Business Improvement Districts (BIDS) which enable property owners to be locally levied for an additional contribution towards higher standards of environment, security and promotion, and for improving the facilities of the town centre (URBED, 1994). Interest in the use of BIDS in Britain is also referred to in Section 7.4.

Recognition of the problems arising from out-of-centre retail developments in Canada has led to new retail planning policies from the mid 1970s. For example, in Toronto large new retail developments were encouraged to locate in proximity to existing shops and to be complementary rather than competitive. Policy statements were adopted in the City's Official Plan in 1980, reflecting a shift of policy to one of positive planning for those retail areas suffering due to the impact of new shopping centres, and limits were placed on the development of retail floorspace outside traditional shopping streets (Shaw, 1987).

9.6 Evidence of Impact

There is very little hard evidence of the impact of out-of-centre retail developments in continental Europe. Initially it was assumed that the hypermarket would decimate the small shop sector in France, causing the widespread closure of outlets. But in practice hypermarkets appear to have had little impact on small independent traders. Supermarkets and competing multiples have tended to be more affected. An analysis of trends in hypermarket development by Burt (op cit) suggests that the Loi Royer has had little impact upon the rate and type of new retail development.

However, more recent evidence is available from France and Germany. Investigations by the Environment Committee (1994) found that in France out-of-town developments have had a severe impact on town centres, particularly on the smaller towns. Officials of towns who were visited by members of the Committee tended to place responsibility for these impacts on the mayors of neighbouring towns who took the planning decisions. In contrast, in the German town of Freiburg, the Environment Committee found that a highly planned, even authoritarian, approach had been adopted. The town

plan focused some forms of retailing (food, flowers, clothes, shoes and textiles) in the town centre while allowing out-of-town development for bulkier items such as DIY goods, furniture and carpets.

In a short space of time the planned shopping centre has spread rapidly to towns and cities throughout the USA. There is increasing concern about the impact of large shopping mall developments on traditional downtown areas. The retail function of the CBD has suffered a serious decline (Lord, in Dawson and Lord, 1985). Decentralisation of retailing has been so extensive that most people have no need to go into the traditional downtown to shop. Many US downtowns are now given over to other functions but many have vacant and derelict plots and buildings. This is sometimes known as the 'doughnut effect' (URBED, 1994).

"It has taken less than three decades to destroy the heartbeat of many American cities. It will take a century to repair the damage and return those cities to a semblance of health. Not all cities will survive" (Carey, 1988, p47).

Experience of the impact of out-of-town developments has been different in Canada than in the USA. Canadian downtowns have not declined in the same way as has happened in the USA. Enclosed malls have been built in city centres, usually anchored by major department stores and made up of national multiples. Regional shopping centres are very popular in Canada but city centres still have an important role to play (Gayler, 1989). However, in Toronto the growth of purpose-built shopping centres has had a significant impact on existing shopping areas, particularly in the older parts of the city, resulting in a decline of many traditional retail strips outside the CBD and high vacancy rates. Public policy has moved to one of limitations on the growth and location of new shopping centres (Shaw, in Dawson and Lord, 1985).

9.7 Approaches to Retail Impact Assessment

In France, under the Loi Royer, all proposals for major shopping development are considered under three broad criteria:

- (1) national levels and trends of retail and commercial activity
- (2) the evolution and structure of retailing in the departement
- (3) the balance between the types of trade in the departement.

The Commissions are provided with the results of an impact assessment study. Modifications to the Loi Royer in 1996 give an increased role to the Commissions, which include:

- reducing the threshold on floor areas from 3,000 to 300 sq. metres for food stores and 2,000 sq. metres for non-food retailing
- holding a public inquiry into proposals for hypermarkets or shopping centres with a sales area of over 6,000 sq. metres to assess the social, economic and land use impacts.

The modifications also set out a number of general principles which the Commissions should take into account in reaching decisions, such as estimates of demand and supply in the relevant retail catchment areas, assessments of existing provision of medium and large retail outlets, and the potential effects of the proposals on small traders. All new developments and substantial extensions to existing premises should be considered in the light of their impact on town centres, areas of urban regeneration and the environment. These changes have been the subject of considerable criticism. In the view of many small traders, the system will be insufficient to protect their position. In contrast, the large retailers advocate complete deregulation of retailing (Begg-Saffar and Begg, 1996).

Under the German planning regulations proposals for major retail development must satisfy certain criteria, including:

- infrastructure problems e.g. traffic generation
- effects on the provision of convenience shopping for the local population
- effects on the urban structure e.g. trade in other shopping centres
- amenity factors.

Experience shows that the possible effects depend on the location, type of shop, and size of development (TEST, 1989).

Some US States have attempted to control the development of large retail developments through legislative planning powers. Vermont's Land Use and Development Law (Act 250) passed in 1970 requires that developers of schemes larger than a critical size (10 acres), such as a shopping centre, obtain a development permit from the State. The proposed project must satisfy several criteria to test whether there would be an adverse effect on the ability of the municipality to provide services for its

population. In practice only a small percentage of permits have been refused (Dawson and Lord, 1985). In 1978 the Vermont District Environment Commission denied approval for the development of a regional shopping centre on the outskirts of Burlington. It was estimated that a considerable amount of retail sales would be diverted from the downtown and there would be a net loss of jobs in retailing. The public hearing proved to be a test case and other civic authorities began to take a tougher line. The decision was further evidence of growing government resistance towards outlying regional shopping centres (Davies, 1984).

This attitude of resistance to commercial pressures in the USA in the late 1970s led to the Community Conservation Guidance (CCG) policy introduced by the Carter administration in the USA in 1979 to curb the future spread of suburban shopping developments and encourage more investment in city centres (see Section 9.5). A set of guidelines was laid down on how controls could be exerted through a stricter allocation of public money for the infrastructure and services necessary to support new developments (Davies, op cit). Under the CCG policy a total of 24 studies were completed, 15 of these for proposed regional shopping centres, mainly in the North East USA. A central question in the studies concerned the likely impact of the proposed shopping centre on existing retail facilities. This impact was measured in terms of retail sales diversion and the accompanying impact on sales tax and property tax revenues.

"Since the CCG studies were conducted by several different firms, there was little consistency in methodology used to assess economic impact. Furthermore, many of the studies were quite vague in the specific methods used in the impact assessment" (Dawson and Lord, 1985, p14).

Norris (1992) also comments that no methodological framework was used in the USA. He notes that there has been more concern with impact issues in Canada but very few impact studies have been carried out. Few examples of impact studies in the USA are readily available but it is clear that assessments are based mainly on economic factors and that use is still being made of gravity-based models. This approach is perhaps more appropriate in the USA than in Britain because the settlement pattern is such that there is less overlap between the catchment areas of towns and cities, and so shopping behaviour can be predicted more accurately than in Britain. Norris (op cit) concludes

that there are no alternatives to current practice which can be easily imported into Britain.

9.8 Summary

International comparisons are extremely relevant to an understanding of new retail development in Britain. Planned shopping centres have only become widespread in North America since the 1950s and in Europe since the 1960s. As in Britain they have had a very significant effect on patterns of shopping. The pattern of development, and the planning response to the pressures for retail development, have been very different in Europe and North America to that in Britain.

New retail development in Europe has mostly been in the form of hypermarkets in France and smaller superstores in other countries. In North America there has been a massive growth of planned shopping centres or malls. The relatively small number of out-of-town regional centres that have been built in Europe have generally been less successful than in the USA.

Europe has adopted increasingly strict planning powers to control new retail development, notably the Loi Royer in France and the BauNVO in Germany. Policy in the Netherlands is very similar to that in Britain. In the USA the public policy response to commercial pressures for retail development has been minimal. There have been only very limited attempts to control new development in the USA, but greater efforts have been made in Canada.

Evidence of the impact of out-of-town retail developments is very clear in the USA, where CBDs throughout the country have suffered serious decline from the loss of trade. The scale of the impact is lower in Canada but still significant. The rate of development of new shopping centres in North America has been slowing down in recent years. Levels of impact are generally less significant in Europe. There is evidence of the impact caused by hypermarkets in France but little evidence from other countries of the effects of new retail developments.

There is no clear 'preferred' approach to assessing retail impact in North America or Europe, and the methodology appears to be much less developed than in Britain. Decisions on proposed developments in North America and Europe are based mostly on economic factors, as in Britain, but there appears to be a greater concern than exists in Britain about social and environmental impacts.

Evidence from Europe shows that there are few lessons to be learned about the application of retail impact assessment in Britain, except for the way in which impact assessment is used as the basis of the implementation of the Loi Royer in France. The extent of decentralisation in North America and the scale of development of planned shopping centres are so unlike the situation in Britain that it is difficult to draw any meaningful comparisons. The lack of an effective planning system in the USA, and the lack of importance attached to impact assessments, is testimony to the merits of the planning policy framework that exists in Britain.

10. CASE STUDIES

In the final chapters of this thesis attention turns to the more practical application of retail impact assessment in the planning process. Previous chapters have highlighted current issues in retail planning, the pattern of appeal decisions and the impact of different types of retail development. Policy aspects have been discussed and comparisons made with international experience. This chapter includes the findings of case studies which have been selected to focus on particular policy and technical issues concerning retail impact in PPG6. An overview given of three case studies which are then analysed in detail - they deal with the 'significance' of retail impact, the validity of the 'linked trips argument' and how to minimise the impact of new forms of non-food retailing.

10.1 Overview of the Case Studies

The three case studies presented in this chapter have been selected because they focus on the key questions in PPG6 relating to retail impact. They represent the most controversial policy issues that need to be faced in deciding planning applications for new retail development. These are issues that have been identified in Chapter 5 on the policy context and Chapter 7 on current issues in retail planning as being of particular importance. The three studies encompass the full range of issues raised by PPG6 concerning the development of superstores and discount foodstores, retail warehouses and factory outlet centres. Case studies as a research strategy are most appropriate for research questions that focus on how and why questions. 'How' and 'why' questions are usually associated with explanatory case studies rather than exploratory or descriptive studies (Yin, 1994). Section 1.6 in the Introduction explains the rationale for using case studies as a research method. The definition of the 'cases' and the relevant research questions are:

Case Study 1: The 'Significance' of Retail Impact

How can the significance of retail impact on the vitality and viability of existing town centres be assessed?

Case Study 2: The Validity of the ‘Linked Trips Argument’

Why does PPG6 place emphasis on the sequential approach which favours the location of superstores on the edge of town centres to facilitate linked trips?

Case Study 3: Minimising the Impact of New Forms of Retailing

How can the impact of retail parks and factory outlet centres on existing town centres be minimised?

The independent and dependent variables associated with these three case studies are:

<u>Case Study</u>	<u>Independent Variable</u>	<u>Dependent Variable</u>
1	‘significance’ of retail impact	vitality and viability of centres
2	extent of linked trips	pattern of main food shopping
3	impact on comparison goods trade in town centres	amount of restriction on goods sold/size of units in retail parks and factory outlet centres

Case Study 1 is concerned directly with the points raised in PPG6 about superstore developments. PPG6 (paragraph 4.3) sets out the factors to be considered in applying the ‘impact test’ which is relevant to all types of retail development but is particularly so in the case of superstores because the levels of impact are generally much higher than they are for comparison shopping. The factors listed represent elements or indicators of the vitality and viability of town centres, and an appraisal of the health of town centres must be undertaken as part of the impact assessment. The assessment of the impact of proposed developments of over 2,500 sq. metres gross floorspace should also be supported by evidence of impact, including the likely economic impacts on town centres and cumulative impact (paragraph 4.13). This case study relates impact issues to the vitality and viability of town centres. It looks at the relationship between levels of predicted retail impact and the perceived vitality and viability of town centres in a range of planning decisions on superstores and smaller foodstores.

Case Study 2 seeks to show whether PPG6 is correct in placing emphasis on edge-of-centre locations for foodstore development because of the benefits which it is claimed will be derived from linked trips to the new store and the town centre. It is stated that town centre and edge-of-centre stores facilitate a higher proportion of linked trips (paragraph 3.13). The definition of edge-of-centre will vary from town to town but it will be determined by what is an easy walking distance, particularly carrying shopping. This is defined as 200 to 300 metres from the primary shopping area (paragraph 3.14 and Annex A). Selected examples of the validity of the 'linked trips argument' are presented in this case study which hypothesises that in reality shoppers generally do not make linked trips, and that the concept of linked trips as a basis for policy decisions is flawed.

Case Study 3 has a different emphasis in examining the impact of retail parks and factory outlets on comparison shopping in town centres. PPG6 states that the impact of retail warehouse parks on existing centres will depend on the range of comparison shopping that they offer (paragraph 3.7). Likewise, one of the issues with factory outlet centres is whether they would divert trade in comparison goods from existing town centres (paragraph 3.9). PPG6 goes on to advise the use of planning conditions to control the nature of out-of-centre developments, which is particularly relevant to non-food developments such as retail parks and factory outlet centres. Conditions can be used to prevent the subdivision of large retail warehouse units into smaller shops, and to limit the range or types of goods sold in new developments (paragraph 3.11). This case study examines how effectively the impact of these new forms of comparison shopping outside town centres can be minimised by controls on the type of retailing allowed.

It would have been possible to select an even greater range of themes for analysis in this chapter but the three that have been selected cover the main issues involved in this thesis. There are good reasons for not widening the scope of the case studies even further. The major exclusion from the analysis is regional shopping centres. PPG6 makes it clear that, although there are still several regional centres in the pipeline, Government policy is opposed to any new regional centre developments. It states that in most regions there is unlikely to be scope for an additional centre of

this scale without adversely affecting the vitality and viability of existing centres (paragraph 3.5). The few regional centres that do exist have been subject to very comprehensive research into retail impact and it is beyond the scope of this thesis to make any further meaningful assessment of the impact issues that are raised by these developments. It is more appropriate to concentrate on the practical issues that confront those who need to decide on the merits of the large number of proposals for retail development that have potential impacts on towns and cities across the country.

No reference is made to town centre developments in these case studies. Town centre retail development is strongly supported in the latest Government guidance. The 'key tests' in PPG6 are intended to apply to proposed developments outside town centres (paragraph 4.1). However, all applications for development over 2,500 sq. metres should be supported by impact assessments (paragraph 4.13). Therefore, retail impact assessments are still necessary for larger developments but the approach to be adopted will depend on the type of development proposed. The decision not to include town centre developments is also influenced by the fact that it is not realistic to assess the impact of a proposal within a town centre on the vitality and viability of that centre. Impact on other shops in the same centre is a matter of commercial competition, not a land use planning consideration.

Several sources of evidence have been used in preparing these three case studies. In particular information has been derived from a wide range of impact studies and planning appeals in which the writer has been directly involved over recent years. The main sources that are referred to in the studies are:

- (1) Appeal documents from a large number of proposals for new retail development, including Inspectors reports or Secretary of State's decision letters and proofs of evidence submitted to planning inquiries
- (2) Local authority Committee reports on planning applications for retail development
- (3) Retail impact assessments prepared by applicants in support of development proposals, and independent reviews of retail impact studies prepared for local authorities
- (4) Discussions with parties involved in retail impact issues in proposed developments, including local authority planning officers and consultants

- (5) A number of household interview surveys which provide detailed data on shopping patterns, including the extent of linked shopping trips.

A limitation of the case studies adopted is the lack of empirical data from post-hoc studies of the impact of new retail developments. A high degree of dependence is placed on estimates of predicted impacts of proposed developments because the available data tends to be derived from predictive studies produced for local authority Committee reports on planning applications or from evidence presented to planning appeal inquiries. It would be extremely useful in extending the scope of the analysis of impact to obtain a wider range of data on post-hoc assessments of recent retail developments to verify the conclusions that are drawn in this chapter. Evidence of known impacts of retail developments is sparse, other than for regional shopping centres and in other developments where subsequent surveys have been carried out.

However, the absence of such empirical data does not weaken the validity of the case studies presented. The evidence is strong enough to have been accepted by local authorities and by Inspectors as the basis for making decisions on proposed retail developments. Furthermore, the evidence is validated by the other sources listed above. Use of multiple sources enables a 'triangulation' approach to be adopted in attempting to verify the propositions. For each of the research questions theoretical propositions are put forward. As noted in Section 1.6, the approach that has been selected as the most appropriate is the development of rival propositions. Evidence is used to establish which of these propositions is valid. The same structure is used for all three case studies, as follows:

Overview - purpose, propositions and context
Evidence
Findings (from data collection and analysis)
Conclusions and implications from the findings

The analysis is largely qualitative in seeking to find broad patterns in the evidence, though in Case Study 2 the availability of empirical survey data enables some quantitative analysis to be undertaken on linked trips.

10.2 Case Study 1: The 'Significance' of Retail Impact

How can the significance of retail impact on the vitality and viability of existing town centres be assessed?

Propositions

- (1) that the trading impact of a superstore or supermarket is more significant on a centre which has a low level of vitality and viability than on a centre with a high level of vitality and viability
- (2) that there is no relationship between retail impact and the vitality and viability of existing centres.

The question of 'significance' of retail impact is extremely important in decisions on proposed retail developments, whether made by local authorities on planning applications or by Inspectors or the Secretary of State on planning appeals/call-ins. This case study examines the significance of retail impact from the point of view of the relationship between trading impact on existing centres and the vitality and viability of those centres. The propositions explore whether there is a direct relationship between the significance of quantitative impact and the vitality and viability of a centre. Will a centre which is trading successfully be better able to cope with the effects of trade diversion to a new foodstore than a centre which is facing trading difficulties?

Six cases have been examined in reaching conclusions on this key question. In summary, they are as follows:

- (1) An appeal into proposals for the development of a Netto discount food store in Bishop Auckland, Co. Durham - dismissed, November 1995
- (2) A joint inquiry into 3 supermarket proposals in Richmond, North Yorkshire - one was allowed by the Secretary of State in December 1994 and the other two dismissed
- (3) A planning application for a proposed superstore in Northallerton, North Yorkshire - originally refused in September 1995, but an amended application was subsequently approved in March 1997
- (4) A call-in inquiry into proposals for a superstore at the Berwick Hills centre in Middlesbrough - this was approved by the Secretary of State in July 1995 and this case study examines the predicted impact on nearby district centres
- (5) The effects of the relocation of Asda from its town centre store in Hartlepool to a larger edge-of-centre superstore in 1996

(6) The impact of the opening of two new out-of-centre superstores (Morrisons and Sainsbury) in Scarborough in 1994.

The examples have been chosen carefully to represent a range of potential impacts and a very wide range of locations which show markedly different conditions in the vitality and viability of town centres. The propositions are worded deliberately to ascertain the influence of the state of health of a centre on its ability to withstand retail impact. There is also a range in the size of the proposed developments. All are foodstores but they range from a relatively small discount store to very large superstore developments. In PPG6 terms the differences in size of development do not matter because impact has to be examined in the context of the centres which may be affected, whether large or small. A small foodstore development, even in a relatively small town, may be just as significant to that town as a superstore in a larger town or conurbation.

The appeal by Netto in 1995 was against the refusal of two planning applications for discount foodstores of different sizes on an out-of-centre site in Bishop Auckland. The larger scheme (1,100 sq.m. net) was used by the parties at the inquiry as the basis for retail impact calculations as a 'worst case' scenario. The main issue in the inquiry, other than retail policy, was whether the appeal proposals would have an unduly adverse effect upon the vitality and viability of Bishop Auckland town centre. It is a centre of more than local importance, containing a Morrisons superstore, a smaller Asda supermarket, and with an Aldi discount foodstore nearing completion at that time. A study undertaken by consultants commissioned by the local authority showed that the health of the town centre is heavily underpinned by food retailing. It was agreed by the parties at the inquiry, and by the Inspector, that the vitality and viability of the town centre was being sustained by its convenience shopping role.

The appellants claimed that the proposal would not harm the vitality and viability of the town centre. The opening of the Aldi discount store would strengthen the town centre as a focus for food retailing. The Council argued that the town centre was not in a healthy state of vitality and viability, and the Inspector agreed that its future well-being was finely balanced and could easily be destroyed. The Council believed

that a new discount store outside the town centre would divert trade and undermine the trading viability of the weaker convenience retailers, particularly Asda. The anticipated diversion of trade from Morrisons and Aldi was 11% and 10% respectively, but the Inspector shared the Council's view that the anticipated 9% diversion from Asda was a cause for greater concern. Asda was more vulnerable because of its somewhat outdated premises in an unattractive shopping precinct. The Inspector thought that the level of trade diversion from Asda to Aldi would be such that, if exacerbated by further trade diversion to the proposed Netto store, Asda may in the longer term be unable to survive. He concluded that the loss of Asda and the predicted level of trade diversion would have an adverse effect upon the vitality and viability of the town centre sufficient to cause serious harm. The appeal was dismissed.

This case does not present clear evidence of the vitality and viability of Bishop Auckland town centre of the type that is now required by PPG6, but it illustrates the importance that the health of a town centre has on a decision whether to allow a proposed development. In this instance the level of trade diversion was not large in quantitative terms (less than 10% on Asda) but this was judged to be unacceptable in the context of a centre operating at the margins of vitality and viability. The case shows how important it is to assess each proposal, no matter how small, in its local context and have a full understanding of the vitality and viability of the town centres that might be affected.

The small market town of Richmond in North Yorkshire faced pressures in the early 1990s for a large supermarket development. A proposal for a foodstore close to the town centre was followed by two further proposals for larger stores on adjacent greenfield sites on the eastern edge of the town. All three applications were refused by Richmondshire Council and a joint inquiry held into the appeals in May 1994. Evidence from studies carried out for the applicants and by the County Council agreed that Richmond town centre appeared to be strong and trading healthily, with a low level of vacancies. However, Richmond lacks modern food retailing facilities, with only two very small supermarkets in the town centre and there is a significant outflow of expenditure to other nearby centres such as

Darlington and Northallerton. The appellants argued strongly that there was a quantitative and qualitative need for additional supermarket provision. The local authority acknowledged that there was scope for additional floorspace and that the centre was trading strongly.

All the parties agreed that Richmond is sufficiently robust as a centre to withstand the impact of one new supermarket. Allowing two would be likely to result in the closure of one of the existing town centre supermarkets. The Inspector concluded that Richmond is deficient in convenience shopping and accepted the need for one new store. The Secretary of State decided (in December 1994) on the Inspector's recommendation that only one development should be allowed and that this should be the one most closely related to the town centre. The two out-of-town proposals were refused. The Inspector took the view on the evidence before him that the predicted level of impact of one supermarket would not be of such a scale as to undermine the vitality and viability of the town centre. A similar level of impact on a weaker town centre could have led to a completely different decision, as in the Bishop Auckland case.

A further illustration of the ability of a town centre with a high level of vitality and viability to withstand the impact of a proposed new superstore development is in Northallerton. An application was made in 1995 for a 35,000 sq.ft foodstore on a site outside the town centre but which was marginally on the edge of the centre. The extent to which this proposal is edge-of-centre and could facilitate linked trips is considered later in Case Study 2. The application was to relocate a smaller, existing Sainsbury supermarket from the town centre to a new larger site with better car parking. The existing premises would be suitable for re-use for town centre comparison shopping. Initially there was opposition from the local planning authority, Hambleton District, and from North Yorkshire County Council. The County Council thought there was insufficient need to support a new store without any impact on Northallerton town centre, and that the trade diversion would undermine the vitality and viability of the centre.

The applicant's consultants argued that Northallerton is a particularly strong, high quality centre with an up-market ambience. All the indicators pointed to it having a high level of vitality and viability. The impact on the town centre would not be significant; the principal effect would be a redistribution of bulk food shopping trips within Northallerton. Consultants for the local authority agreed that the town centre appeared to be trading very successfully with a low vacancy rate and good physical environment. It should be able to withstand changes in shopping patterns resulting from the opening of the new foodstore. Convenience trade diversions of 12-18% were predicted, which would not result in closures other than the existing Safeway supermarket. Levels of residual turnover would be high enough to maintain the viability of existing convenience shops. The proposals would not have a significant adverse impact on the town centre, and there were no valid reasons why planning permission should be refused.

Although the Council officers accepted this view and recommended that the application be approved, it was refused by the Council in September 1995 because of concerns about traffic. The applicants appealed against the decision but after further negotiations an amended application was submitted for an identical store but with alterations to the access and car parking, and the exclusion of a petrol filling station, and this application was subsequently approved in March 1997. As in Richmond, convincing evidence of the trading performance of a centre was sufficient to override concerns about the level of retail impact that might occur.

The next case is more complex and more controversial. It concerns proposals for a new superstore development at the Berwick Hills local centre in Middlesbrough. The superstore, a 78,000 sq.ft. gross Morrisons store, was proposed to form the anchor store for an enlarged district centre. The development of this centre was promoted as a flagship scheme for the East Middlesbrough City Challenge initiative. It was planned to include new and community facilities to serve a large suburban area which was suffering from social and economic deprivation and in urgent need of regeneration and environmental upgrading. The application was called-in because of the likely impact on the existing centre at Berwick Hills and the nearby North Ormesby and South Bank district centres. At the inquiry considerable

and often conflicting evidence was produced on retail impact. It was generally accepted by all the parties and by the Inspector that there was likely to be no significant impact on Berwick Hills or on North Ormesby, both of which were trading well. There were also issues about linked trips between the superstore and the existing Berwick Hills and these are discussed in Case Study 2.

This particular case concentrates on the predicted impact on the centre at South Bank. South Bank is quite unlike any of the other centres covered in this case study. It is an old, declining centre in a very deprived area, comprising mostly small shops and on the edge of the centre is a much newer, purpose-built Asda superstore which is separated from the other shops by a major road. The centre has a high vacancy rate (40%) and poor appearance. Asda is trading reasonably well but the other shops are not. The strength of the centre lies in the presence of Asda. It was claimed by the applicants that there was no evidence that Asda would suffer a serious impact and therefore there would be no adverse impact on the centre as a whole. The case against the proposal, put forward by Cleveland County Council, was that conditions at South Bank are drastic and any further trade diversion may be the last straw. The majority of the trade diversion would be from Asda and the impact would be to reduce Asda's turnover to a level well below the company average. Any further loss would be detrimental to the future of the store. The Inspector thought the centre was clearly in difficulty. It had struggled for a number of years and the addition of Asda had not done anything to reverse that long-term trend. But he felt that Asda would not close and, since most trade would be lost from Asda rather than the other shops, the overall impact on the centre would not be significant.

The Inspector acknowledged that the proposed development would help to secure regeneration of the area and a significant improvement in community facilities. He also concluded that there was no evidence that the proposal would harm investment or prejudice any development in nearby centres, and that there was scope for a qualitative improvement in shopping provision in East Middlesbrough. But he took the view that the layout of the scheme would not achieve a satisfactory level of integration with the existing Berwick Hills shops. The superstore would be seen as a

stand-alone store which would not benefit the overall well-being of the centre. The Secretary of State disagreed with the Inspector's recommendation to refuse the application. He decided (July 1995) to grant permission on the basis of the benefits of the development to the regeneration of the area. It was an integral part of the City Challenge scheme. There would be no adverse impact on nearby district centres and the inclusion of extensive community facilities would be of particular benefit in an area of social/economic/health deprivation.

This is an instance where the relationship between impact and vitality and viability needs to be interpreted very carefully. South Bank centre is clearly suffering from a low level of vitality and viability and its future is very uncertain. The Inspector said that closure of Asda would probably result in the eventual demise of the centre as being anything other than of local significance. The predicted impact on Asda was not high but if it had been higher or if it had been necessary to take into account the cumulative impact of other proposed superstores, a closure of Asda could have been very likely.

The two remaining examples in this case study are taken from impact studies by England & Lyle on superstores which have recently been built. The studies help to confirm the findings about the relationship between retail impact and the vitality and viability of centres which emerges from the predictive studies already outlined. These cases are in Hartlepool and Scarborough.

An Asda superstore of 4,180 sq.m. net opened in Hartlepool in early 1996. Asda relocated from an older town store which was closed and has since been re-occupied for comparison shopping. The new store is located on the fringe of the town centre and its relationship with the centre in terms of linked trips is dealt with in Case Study 2. A household survey carried out in Hartlepool in July 1996 shows the pattern of shopping to Asda and it enables an estimate to be made of the store's market share for convenience shopping. The survey information also makes it possible to predict what convenience shopping patterns were like before the closure of the old store compared with the observed shopping patterns to the new store. The new store appears to be trading very successfully with an estimated turnover ratio

of about £10,000 per sq.m., well above the company average. The predicted trade diversions to the new store are 16% from the town centre (excluding the former Asda store) and 16-19% from other superstores and local centres in Hartlepool. The impact is spread across the main food stores in the town, affecting them to a similar degree. The levels of impact are lower than might have been expected from a new superstore because almost 60% of its trade is a transfer from the former Asda rather than a diversion from other centres and stores.

An impact of this magnitude could be significant on a centre which is not trading successfully. Inspectors have frequently refused to allow developments with levels of trade diversion of less than 15%. An impact of 16%, which is a real observed impact rather than a predicted one, needs to be considered in the light of the vitality and viability of Hartlepool town centre. A qualitative assessment of the town centre shows that overall its vitality and viability is quite healthy and its trading performance appears to be strong enough to withstand the competition from Asda and other new shopping developments in the town. However, in addition to losing one of the major anchor stores in the town centre, the closure of the older Asda store has reduced the attraction of the town centre for convenience shopping. What remains is essentially top-up 'basket shopping'.

In 1994 two new superstores opened in Scarborough, a Morrisons store of 3,520 sq.m. in Seamer and a 2,790 sq.m. net Safeway store at Falsgrave. Safeway is adjacent to a district centre and the Morrisons development on the southern edge of the town. The Scarborough Retail Study in 1997 included an assessment of the impact of these new stores on Scarborough town centre. By means of a household survey it was possible to show the patterns of convenience shopping by residents of Scarborough Borough before and after the new stores were built. It was found that the major impact has been on the Tesco superstore at Westwood, on the edge of the town centre, with an estimated 39% trade diversion. However, this Tesco store still has an acceptable residual turnover, although it is below the company average. Tesco previously had the dominant market share of convenience shopping in Scarborough (21%) and it has now lost that position to Morrisons (17%) but Tesco's current market share (14%) is higher than that of Safeway (13%). The

scale of the impact on Scarborough is also very high, with an estimated overall convenience trade diversion of 30%. It is estimated that the smaller Tesco and Kwik Save supermarkets in the town centre have lost about half of their trade since the new superstores opened, but they are still operating.

As part of the study a comprehensive health check appraisal was carried out of Scarborough town centre using a systematic appraisal framework, as set out in Chapter 11. The overall assessment is that there is no evidence of problems in the vitality and viability of the town centre as a whole. On most indicators it performs reasonably well, particularly in the range of shops and the quality of the shopping environment. Scarborough is an attractive centre with a good range of multiples and specialist shops. The role of the centre is especially strong in comparison shopping. However, levels of convenience turnover in the town centre are low and there has been a significant decline in the centre's convenience shopping role since the opening of Morrisons and Safeway. As in Hartlepool, town centre convenience shops are now used predominantly for top-up shopping rather than main food shopping.

The Scarborough case shows that the town centre has been able to withstand the impact of a significant diversion of convenience goods trade to out-of-centre superstores because of its high level of vitality and viability. There have been no closures of shops but the town centre supermarkets and the edge-of-centre Tesco superstore are now operating at much reduced turnover levels. A weaker centre might have experienced greater problems but in Scarborough existing shops have adjusted to the impact of the new developments.

Case Study 1 has been concerned with the relationship between the impact of major foodstore developments and the vitality and viability of town centres. It provides good evidence of the need to consider the strength of vitality and viability of a town centre in assessing its ability to withstand impact. Impact cannot be considered in isolation from a centre's vitality and viability. The proposition that the trading impact of a superstore or supermarket is more significant on a centre which has a low level of vitality and viability than on a centre with a high level of vitality and

viability has clearly been proven. The alternative proposition that there is no relationship between retail impact and the vitality and viability of existing centres does not accord with the evidence that has been examined. There does appear to be a direct relationship and this is an important factor which should be given more prominence in approaches to retail impact assessment. The practical implications of this finding are explored in Chapter 11 on Best Practice which puts forward a 'model of significance' of retail impact in relation to the vitality and viability of centres.

10.3 Case Study 2: The Validity of the 'Linked Trips Argument'

Why does PPG6 place emphasis on the sequential approach which favours the location of foodstores on the edge of town centres to facilitate linked trips?

Propositions

- (1) that shoppers who are on main food shopping trips generally do not do comparison goods shopping at the same time
- (2) that edge-of-centre locations for superstores/supermarkets encourage shoppers to visit the town centre to buy comparison goods on the same trip as they do their main food shopping.

Case Study 2 is essentially a question of the extent to which people make linked trips, the argument which is promoted in PPG6 in favour of encouraging foodstores to be located on the edge of town centres. PPG6 does not provide any evidence of support for the notion of linked trips, nor does the Environment Committee report on shopping which led to the latest revision of PPG6. Survey evidence has been obtained from four cases which enable the rival propositions to be tested empirically to decide how much validity there is in the linked trips argument as a matter of Government policy. The four cases are based on studies carried out in Middlesbrough, Scunthorpe, Hartlepool and Scarborough in which household surveys were carried out on existing shopping patterns. Two further studies in Northallerton and Guisborough are then referred to in which issues of linked trips were important factors in the decisions about whether superstore developments should be allowed.

In all four survey-based studies, the same question was asked in the household surveys.

“When you do your main food and household grocery shopping trip, do you normally do any other shopping on the same trip?”

The results are as follows:

	Year	Sample Size	Linked Trips	
			Yes	No
Middlesbrough	1994	1,000	40%	60%
Scunthorpe	1994	500	23%	77%
Hartlepool	1996	500	39%	61%
Scarborough	1997	500	39%	61%

The Scunthorpe Retail Study carried out in 1994 included a Borough-wide household survey, which showed that the degree to which shoppers make linked trips is only 23%. There are quite wide variations in the results between the subareas used for the survey, ranging from 38% making linked trips in South West Scunthorpe to only 8% in Ashby, in the south east part of the town. Ashby residents do their main food shopping mostly at Kwik Save in Ashby High Street (40%), at the nearby Morrisons superstore at Lakeside Retail Park (32%) and at the freestanding Asda superstore on the edge of the town (15%). By comparison residents of South West Scunthorpe mostly use Asda for their main food shopping (52%). Only 7% shop at Morrisons and 8% use Kwik Save in Scunthorpe town centre.

These findings reflect the lack of food shopping in the town centre. Ashby residents tend not to use town centre supermarkets for main food shopping and so they choose not to combine their food shopping trips with other types of shopping. People from South West Scunthorpe also mostly use out-of-centre stores but they make more use of shops in the town centre. Nevertheless, the degree of linked trips is low. A significant factor in Scunthorpe is the presence of supermarkets on the fringe of the town centre. There are three supermarkets located within reasonable walking distance of the centre - Pioneer (Co-op), Aldi and Safeway. However, these stores all have a low market share for main food shopping (5%, 6% and 9% respectively) compared with Asda (26%), Kwik Save, Ashby (17%) and Morrisons

(also 17%). The provision of major convenience stores in Scunthorpe suggests that those nearest to the town centre are less popular with shoppers than other stores outside the town centre. The stores nearest to the town centre do not appear to be attracting shoppers to make linked trips, and a location near to the town centre does not appear to give these stores any particular advantage. In fact the Pioneer supermarket, which was considered marginal at the time of the study, closed early in 1997.

The survey in Hartlepool showed that 39% of households make linked trips when they are doing main food shopping. The major superstore in Hartlepool is Asda on the fringe of the town centre. The impact of this new store was mentioned earlier in Section 10.3. Asda's market share for main food shopping is 42% and there are no significant differences between different parts of the town in the extent to which people use Asda for their main food shopping. However, the degree to which people make linked trips does vary across the town. The extremes are 28% who make linked trips in North Hartlepool to 47% who make linked trips in South Hartlepool. If the explanation for these differences is not connected with Asda, what other factors can be found from the survey results? North Hartlepool has a freestanding Kwik Save supermarket which is used by about a quarter of residents of North Hartlepool for their main food shopping. This store is very little used by people from other parts of the town. North Hartlepool residents do not tend to use the town centre very much for main food shopping. In comparison, people from South Hartlepool make much more use of the town centre supermarkets and so have the opportunity to make linked trips. Even so, in Hartlepool the findings show that in all of the subareas used for the household survey, more than half the households do not make linked shopping trips.

Further evidence on the nature of shopping trips in Hartlepool is available from interview surveys of shoppers carried out at the same time as the household survey. The shoppers survey was undertaken in the town centre, at Asda and the Jacksons Landing factory outlets centre. 300 interviews were carried out in the town centre. 34% of respondents said the main reason for their visit to the town centre was food shopping; 10% were doing main food shopping and 42% top-up food shopping.

28% said they normally combine their trip to the town centre with a visit to Asda. 200 people were interviewed at Asda and 91% said the main reason for their visit was to do food shopping. 34% said they normally combine their trip to Asda with a visit to the town centre. This is slightly lower than the overall proportion of linked trips (39%) reported in the household survey. It is perhaps surprising that more shoppers do not make linked trips to the town centre when they are visiting Asda. But the walking distance from Asda to the nearest point of the town centre is 450 metres; the time it takes to walk between them is 6 minutes, not carrying shopping. Asda, therefore, cannot be regarded as an edge-of-centre store in PPG6 terms. The findings show that this store does not facilitate linked trips to the town centre. It would have to be located much closer to the town centre and be much more accessible on foot for it to offer an attractive opportunity for linked trips.

As in Hartlepool, 39% of households interviewed in Scarborough said they made linked trips when doing main food shopping. Compared to Hartlepool, a compact urban area, in Scarborough there were marked variations across the study area which has a different settlement pattern based on the main town of Scarborough, the smaller towns of Whitby and Filey, and an extensive rural hinterland. In Whitby 67% of respondents said they made linked trips, but the proportion was 29% in Scarborough town and only 7% in the suburban area of Eastfield/Seamer. Two-thirds of households interviewed in Whitby do their main food shopping in Whitby town centre which has two large supermarkets. However, in Scarborough town over half of those surveyed use out-of-centre superstores and in Eastfield/Seamer two-thirds of households do their main food shopping at the nearby Morrisons, a freestanding superstore.

In Scarborough, therefore, it is clear that the pattern of linked trips is directly related to the pattern of shopping behaviour of residents of different parts of the Borough. Where people find it most convenient to visit an out-of-centre superstore, they will do so on a dedicated main food shopping trip. The purchase of other non-food items can be left to a separate trip, say to the nearest town centre. The survey also asked whether people usually buy food on the same trip when they are doing non-food shopping. In the study area as a whole 51% said they did; in Whitby the

figure was 58% and in Eastfield/Seamer 27%. Shoppers in Whitby are generally making combined trips but people from Eastfield/Seamer generally make separate trips for food and non-food shopping.

Where people have the opportunity to make linked trips they will tend to do so, as in Whitby. From that point of view, the location of supermarkets in or on the edge of a town centre can be regarded as beneficial to the town centre. However, there is no evidence that shoppers who don't make linked trips visit the town centre less. In response to a question about which centre people mainly use for non-food shopping, 74% of households in the study area said Scarborough town centre, and the figure was 88% for households in Scarborough town and Eastfield/Seamer. The town centre is clearly important as a destination for non-food shopping, especially among those who aren't 'linked trippers'. 33% of Whitby residents mainly use Whitby town centre for non-food shopping, but 43% of Whitby residents mainly go to Scarborough town centre for their non-food shopping, particularly for clothes and footwear and for electrical goods. 13% of Whitby residents mainly go to Middlesbrough for non-food shopping (21% in the case of shopping for clothes and footwear). 10% of Whitby residents are even prepared to travel for half an hour to do their main food shopping at superstores in Scarborough. Therefore, the ability to do linked trip shopping has not persuaded most of the local population that they should shop in Whitby. The town centre has a much more limited range of shops than Scarborough or Middlesbrough and it lacks the attractions of a larger comparison shopping centre.

The fourth case of linked trips is in Middlesbrough and it is taken from evidence prepared for the call-in public inquiry in 1994 into proposals for a major superstore to be developed by Morrisons at Berwick Hills, which was referred to earlier in Case Study 1. This application was approved by the Secretary of State contrary to the Inspector's recommendation that it should be approved principally on the grounds that the proposed superstore was not well integrated with the existing centre. In effect, the Inspector considered that the location of the proposed development would not facilitate linked trips between the superstore and existing shops.

This particular study benefits from a large-scale household survey which covered all of Middlesbrough Borough and the Eston/South Bank area to the east in Langbaurch Borough (now Redcar and Cleveland). A special analysis has been carried out using the data from this survey of 1,000 households. Unlike the other surveys which asked about linked trips, in Middlesbrough a cross-tabulation was made of the data on the linked trips question and all the other questions. Therefore it is possible to compare the results for those households who do make linked trips and those which do not.

Overall it was found that 40% of households in this area do not make linked trips. It would be expected that the main factor influencing whether people do make linked trips is where they shop. The differences in the patterns of main food shopping for those that do and don't make linked trips are as follows:

<u>Percentage of shoppers who do make linked trips</u>		<u>Percentage of shoppers who don't make linked trips</u>	
Sainsbury, Middlesbrough	62%	Asda, South Bank	34%
Kwik Save, Berwick Hills	55%	Morrisons, Teesside Park	28%
Food Giant, Middlesbrough	48%	Presto, Linthorpe Road	23%
Kwik Save, Linthorpe Road	43%	Kwik Save, Grangetown	18%
Safeway, Coulby Newham	43%		

Among the centres where people do tend to make linked trips, Middlesbrough town centre is particularly important. Both Sainsbury and Food Giant are in the town centre, and Kwik Save, Linthorpe Road is in a secondary area on the fringe of the town centre. Kwik Save at Berwick Hills and Safeway at Coulby Newham are both in district centres. In all these instances, therefore, it is practicable for people to do their main food shopping and other shopping on the same trip.

Of the centres where people don't make linked trips, Asda in South Bank is next to a district centre but not physically integrated with it, and the other shops in the centre are generally poor and have a very local catchment. The Inspector at the

Berwick Hills public inquiry commented on the unattractiveness and difficulty of making linked trips between Asda and the remainder of the South Bank centre. Morrisons at Teesside Park is a freestanding, out-of-centre superstore located adjacent to a large retail park. It would be very convenient for shoppers going to Morrisons to visit other stores in the retail park on the same trip but most people don't. Presto on Linthorpe Road is in a local centre with a few other shops of only local significance, and Kwik Save in Grangetown is a freestanding supermarket.

Looking at the data in another way, of those shoppers who do make linked trips, the stores mostly used for main food shopping are:

Food Giant, Middlesbrough	18%
Sainsbury, Middlesbrough	12%
Kwik Save, Berwick Hills	11%

Of those that don't make linked trips the stores mostly used for main food shopping are:

Food Giant, Middlesbrough	13%
Asda, South Bank	10%
Morrisons, Teesside Park	10%

These figures confirm that the town centre and edge-of-centre stores do offer an opportunity for shoppers to make linked trips but in case of Food Giant there is also significant usage by those that don't make linked trips. Otherwise, people that don't make linked trips tend to use centres where there is less opportunity to do other types of shopping on the same trip.

The other types of goods bought by people who do make linked trips are mainly:

chemist goods	26%
everyday household goods	19%
clothes and shoes	18%

These figures help to explain why people who do their main food shopping at Morrisons at Teesside Park generally do not make linked trips because these are not the types of goods that tend to be sold in retail parks.

The extent to which shoppers purchase food items when they are making non-food shopping trips shows clear differences between the 'linked trippers' and the others.

81% of those that make linked trips, but only 42% of those who don't make linked trips, purchase food items on their non-food shopping trips. This suggests that people have different patterns of shopping behaviour which are reflected in what they buy on a particular trip.

To investigate these findings further an analysis was made of the characteristics of the households interviewed. A significant factor seems to be age differences and the family structure of households. The age structure of the sample and the proportions without children are as follows:

	<u>making linked trips</u>	<u>not making linked trips</u>
aged 16-34	39%	29%
aged 55+	33%	39%
no children	53%	61%

More younger people than older people, and more households with children, tend to make linked trips. This suggests that the inclination to make linked trips may be more associated with families than with older households, but the differences in the proportions are not large enough to draw firm conclusions.

Other factors that might influence the pattern of linked trips have been examined and it was found that there are no significant differences between those that do and don't make linked trips in respect of:

- the frequency of main food shopping
- the share of convenience spending on main food shopping
- average spending on main food shopping, and
- socio-economic characteristics (occupation of chief wage-earner, sex, number of adults in the household, and car ownership)

To complete this examination of linked trips, brief mention is now made of two cases where the ability to make linked trips was a key factor in decisions about a proposed superstore development. In Case Study 1 reference was made to the proposal for a superstore in Northallerton, a proposed relocation of Safeway from the town centre. The application site is 600 metres from the core retail area and therefore not edge-of-centre in PPG6 terms. The applicants carried out surveys of

pedestrian movement and car parking which indicated a steady level of pedestrian flow along the northern part of the High Street as far as the existing Somerfield store. The Somerfield car park is also used by town centre shoppers when the main town centre car park is operating at capacity. It was suggested that there was a strong likelihood that the proposed store would generate linked trips and consolidate the functional linkages between the town centre and secondary shopping areas. The local authority's view was that the application site is clearly out-of-centre and would not attract linked trips to the town centre. The local authority's consultants advised that whether or not the site is regarded as edge-of-centre did not matter particularly. The main point was whether shoppers would be prepared to visit the town centre as well as Safeway on the same trip. The sequential test applied by the applicants showed that there were no suitable alternative sites closer to the town centre. It is questionable whether this store will facilitate linked trips at such a distance from the primary shopping area. It is more likely that people will make separate trips to the superstore and the town centre, or drive from one to the other to carry out different types of shopping.

An application was made in 1995 for a superstore development of 46,500 sq.ft. gross in Guisborough, on a site outside the town centre boundary in the draft Local Plan but which could be regarded as edge-of-centre in PPG6 terms. The applicants argued that there were no appropriate sites in the town centre and that the proposal met the sequential test. They also argued that the proposal offered opportunities for linked trips between the store and the town centre. The local authority's consultants believed that the impact of the store would be sufficiently large to undermine the vitality and viability of the town centre. They were not convinced about the likelihood of linked trips between the superstore and the town centre, despite its fringe of centre location. Without such linked trips the benefits of the scheme were questionable. The site is separated from the town centre by a busy road which would be a barrier to easy movement. It seems likely that if a superstore is built on this site, shoppers will be able to purchase many goods which they currently shop for in the town centre. If the physical link between the two is not convenient and attractive, shoppers will tend to visit the superstore to the detriment of the town

centre. This application was the subject of a call-in inquiry which has not yet been determined.

The findings of this case study cast doubt on the validity of the 'linked trips argument' in PPG6. The backing for linked trips appears to be a statement of policy intent rather than a factual statement that people actually do make linked trips. The evidence on linked trips is very consistent. A minority of people in the cases examined do make linked trips for main food shopping and other types of shopping but the majority do not. The proposition that shoppers who are on main food shopping trips generally do not do comparison goods shopping at the same time is borne out by the evidence, though it has to be accepted that some people in some situations do make use of the opportunity to make linked trips. The proposition that edge-of-centre locations for superstores/supermarkets encourage shoppers to visit the town centre to buy comparison goods on the same trip as they do their main food shopping does not appear to be valid.

10.4 Case Study 3: Minimising the Impact of New Forms of Retailing

How can the impact of retail parks and factory outlet centres on existing town centres be minimised?

Propositions

- (1) that restrictions on the range of goods allowed to be sold in retail parks, and the size of retail warehouse units, will reduce the impact on comparison shopping trade in town centres
- (2) that town centre comparison trade is not affected by retail parks and factory outlet centres.

The focus of Case Study 3 is on how the potential impact of retail warehouse and factory outlet developments can be minimised by the use of controls on the type of development. Such controls can take the form of planning conditions or legal agreements or obligations under Section 106 of the Town and Country Planning Act, 1990. Planning Policy Guidance Note 1 states that conditions should generally be used in preference to planning obligations, and in a way which is clearly seen to

be fair, reasonable and practicable. The key test in applying a condition is if planning permission would be refused if the condition was not imposed. PPG6 (paragraph 3.11) gives similar advice:

“Planning conditions should be used to ensure that a development does not subsequently change its character unacceptably in ways that would create a development that the planning authority would have refused on the grounds of impact on the vitality and viability of an existing centre. Conditions can be used to prevent the development from being subdivided into a large number of smaller shops and to limit the range or types of goods sold”.

DoE Circular 11/95 on The Use of Conditions in Planning Permissions, Paragraph 107, refers specifically to retail parks and states:

“Any conditions imposed should apply only to the main ranges of goods (eg. food and convenience goods, hardware, electrical goods, furniture and carpets) and should not seek to control details of particular products to be sold”.

In some instances the use of planning obligations rather than conditions is justified. The latest DoE Circular on Planning Obligations (1/97) advises that where a development would create a need for particular facilities or have a damaging impact on the environment or local amenity, or it would adversely affect national or local policies, and these matters cannot be satisfactorily resolved through conditions, the use of planning obligations will usually be reasonable.

A desk study has been carried out of planning appeal decisions on retail warehouse developments nationally using the Compass appeals database, which was analysed in Section 8.2. This analysis concentrates on the years 1988-96, which is the period relevant to PPG6. In this period 21 appeals were allowed in England which referred specifically to the use of conditions attached to the granting of planning permission.

A few decisions relate to the use of conditions which restrict the sale of food from retail parks eg. Aylesbury Vale [23.2.89] and Test Valley [17.10.89]. In an appeal in Manchester [28.6.90] the Inspector considered that the goods condition specified by the local authority was too onerous in relation to a non-food store adjacent to a retail park, having regard to other premises in the retail park. He decided to restrict the use to non-food only. Significantly there have been no cases of restrictions on food sales from retail warehouses since 1990.

There are several examples of the use of conditions imposing a minimum floorspace limit on retail warehouses - such as Broxtowe [24.10.91], Eastleigh [17.5.94] and Gloucester [16.9.94]. In all these appeals the minimum floorspace imposed was 10,000 sq.ft. (930 sq.m.). In some other cases the minimum floorspace is 5,000 sq.ft. (465 sq.m.) - St. Helens [31.1.89] and Sheffield [16.1.90]. In an appeal in Arun [3.7.90] the Inspector thought the minimum floorspace of 20,000 sq.ft. proposed by the local authority was excessive and imposed a limit of 10,000 sq.ft.

The most common type of condition is on the range of non-food goods to be sold. Local authorities often apply conditions which limit the types of goods which may be sold in order to mitigate any harmful impact on existing centres. Such conditions may limit the use to the sale of bulky goods such as DIY, carpets/furniture, and garden centre items - Gloucester [31.8.89], Kettering [1.12.93] and Restormel [3.10.95]. Inspectors have frequently commented that there would be no significant impact on the vitality and viability of a town centre if bulky goods conditions are imposed. These are positive conditions, defining what may be sold. Sometimes, however, negative conditions are used, defining what may not be sold, such as food or clothing - Basildon [12.1.89] and Wakefield [7.8.90]. In many cases conditions control both the size of units and the type of goods to be sold eg. Liverpool [29.3.88], Guildford [13.9.88] and Enfield [17.1.94].

Applications to remove or modify conditions on retail warehouses are quite common as operators seek to maintain their commercial position in a highly competitive retail market. A few examples can be quoted of attempts to modify types of goods conditions in planning appeals:

- An application to amend a condition relating to a retail park development, restricting the sale of food, clothing, toys and sports/leisure goods was rejected by Hull City Council. At appeal the Inspector concluded that relaxation of the condition would undermine the deposit Local Plan strategy which reflected emerging Government advice on out-of-centre retail developments [Hull, 15.2.96].
- Darlington Borough Council refused to allow food sales from part of a Great Mills DIY store which it was proposed to subdivide. A condition restricted sales to specified DIY goods. The Inspector felt that for impact reasons a goods

restriction should be maintained but the condition could be relaxed by reversing its form by specifying goods which were not to be sold such as fashion, sports goods, toys, etc [Darlington, 4.5.95].

- In Strathclyde an application was made to amend a condition which restricted the range of goods to be sold at a retail warehouse, located in retail park, to DIY, furniture, electrical and gardening goods. The applicants wanted to extend the range of goods to cover toys, childrens clothing, sports goods and footwear. The Reporter felt that to widen the condition would be contrary to structure plan policy, and the vitality and viability of a nearby shopping centre would be threatened [Strathclyde, 5.9.95].

Local authorities are also cautious about the subdivision of large retail warehouse units into smaller units which could undermine the vitality and viability of a nearby town centre. The relaxation of a condition restricting such subdivision was proposed in Kings Lynn, to form three retail stores. In this instance the Inspector found no evidence that the town centre would be undermined and he allowed the subdivision but limited it to three units, and an existing restriction of goods condition which prohibited the sale of clothing, shoes, toys, etc was retained [Kings Lynn and West Norfolk, 6.11.95].

A great many examples of the use of conditions on retail warehouses could be quoted but for the purposes of this case study one detailed example will be used which illustrates the issues involved, and it focuses on Scunthorpe. The Scunthorpe Local Plan (Policy S5) states:

Where planning permission is granted for out-of-centre retailing it may be appropriate to restrict the ranges of goods sold. This will be achieved either through a voluntary planning agreement or by a condition imposed on the consent”.

There are two out-of-centre retail parks in Scunthorpe.

- (1) Skippingdale Retail Park in the north west of the town was built in the early 1980s in what was then an Enterprise Zone. It is not a quality development; the shopping environment is poor and the separate units are of different designs. However, there is a good range of retailers with seven retail warehouse operators and a Tesco superstore. Comparison floorspace amounts to about 14,000 sq.m. net. There are no planning restrictions on the uses of these units and although three sell bulky DIY goods and two sell electrical goods, the other two sell discount clothing and footwear. There has been no assessment of the impact of the retail park on Scunthorpe town centre but a qualitative judgement

is that the town centre has suffered some trading difficulties over recent years. It has fallen behind other competing centres in maintaining its attraction to shoppers for comparison goods. The effects of trade losses to Skippingdale Retail Park have undoubtedly contributed to the town centre's problems.

(2) Lakeside Retail Park is in the south east of the town. It is smaller than Skippingdale but has a much more pleasant shopping environment. Phase 1 opened in 1994 and has about 6,000 sq.m. net of comparison floorspace in five units plus a Morrisons superstore. The range of goods sold has been restricted by the local authority to bulky goods and the operators in Phase 1 sell DIY goods, electrical goods and carpets. Phase 2 of Lakeside was completed in 1996 and has a further 3,500 sq.m. net of retail warehouse floorspace in four units including furniture, electrical, pet products and car accessories. There is no evidence that Phase 1 of Lakeside has had any significant impact on centres in Scunthorpe. It was predicted by consultants that Phases 1 and 2 would have a cumulative impact of 10% on town centre comparison trade but because of the steady growth of comparison goods expenditure there would be no harm to the vitality and viability of the town centre.

The use of conditions by the local authority on the Lakeside development has helped to limit the potential impact on Scunthorpe town centre and has avoided the earlier problems which appear to have resulted from the unrestricted retail use of the units at Skippingdale. The other cases to be covered in this study concern the use of Section 106 agreements to control retail warehouse and factory outlet developments. The cases referred to are in Hartlepool and Hornsea.

In Hartlepool the Tees Bay Retail Park was built in 1986, again in an Enterprise Zone, but covered by a Section 106 agreement which specifies a list of 15 types of goods which are allowed to be sold. These are essentially bulky goods (DIY, furniture, carpets, gardening, pet products, etc). The list was later amended in 1993 to allow the sale of food from one unit (Aldi) with a floorspace restriction. In 1996 the owners of the retail park requested that Hartlepool Council allow a variation in the agreement to permit the sale of additional types of goods including sports goods, toys and childrens goods. The principal issue was whether the proposed relaxation

would result in unacceptable harm to the vitality and viability of Hartlepool town centre. The existing legal agreement sought to minimise the possible adverse impacts on the town centre, and the Council was concerned that to relax the restriction would be damaging to the town centre.

A number of issues were considered by the Council in coming to a decision on this matter:

- The health of the town centre, which is trading well - there is no evidence that its vitality and viability is under threat
- the lack of modern retail warehouse facilities in the town and the large amount of leakage to retail parks in Teesside
- the serious trading position of Tees Bay retail park at present - more than half the floorspace is vacant and those units that are occupied are not trading successfully
- competition from a proposed new retail park in the Marina area of Hartlepool (within the jurisdiction of Teesside Development Corporation) which is not subject to the same goods restrictions.

An assessment of the cumulative of the Tees Bay proposals together with the other committed retail warehouse developments showed that the greatest impact would be on other existing retail warehouses and to a lesser extent on the town centre. It was estimated that about 20% of town centre bulky goods trade could be diverted but this represents less than 5% of overall town centre comparison trade. It was felt that any disadvantages resulting from the loss of trade from the town centre would be outweighed by the wider benefits of allowing the relaxation of restrictions proposed at Tees Bay to help secure the future of the retail park and increase the opportunities for residents to shop for bulky goods locally rather than having to travel out of Hartlepool to centre elsewhere.

The form of the amended restriction is set out below:

- (1) No unit shall be subdivided below 930 sq.m. (10,000 sq.ft.) gross
- (2) Sale of office furniture shall be restricted to a single operation of up to 930 sq.m. gross and no more than 10% of the net trading area is to be used for the ancillary sale of stationery supplies
- (3) No more than one outlet selling sports goods/equipment shall operate from the site at any one time, up to a maximum of 930 sq.m. gross and no more than 10% of the net trading area is to be used for the ancillary sale of sports clothing and/or footwear
- (4) No more than one outlet selling toys/childrens goods shall operate from the site at any one time, up to a maximum of 930 sq.m. gross and no more than 10% of the net trading area or 186 sq.m. (2,000 sq.ft.) of the net trading area is to be used for the ancillary sale of childrens clothing or toiletries, whichever is the least.

The second case of the application of a Section 106 agreement relates to the factory outlets centre at Hornsea Freeport in East Yorkshire. Development on the Hornsea site has taken place in a largely unco-ordinated way since 1988 from its origins as a factory shop to become the first factory outlets centre in Britain. Hornsea Freeport now employs over 200 people and has 1.5 million visitors a year. The major concern about the development (apart from serious traffic problems) is the relationship of the Freeport site to Hornsea town centre and the impact of any additional shopping floorspace on the vitality and viability of the town centre. Studies on the Hornsea Freeport show that its market share within the 40 minute catchment is only about 1% of comparison goods expenditure, and there is no evidence of impact on nearby centres. Hornsea Freeport is relatively small compared to some of the newer factory outlet centres but it is strong visitor attraction. There are plans for expansion of the centre and, the larger it becomes, the more risk there is of trade loss from Hornsea town centre. Therefore it is reasonable to control the development by means of a S106 agreement.

The Holderness Local Plan has a policy (HRN 10) which requires the limitation of the goods allowed to be sold:

“Proposals for new retail development at Hornsea Freeport will need to ensure that they have no adverse effect on the vitality and viability of Hornsea town centre as a whole. Proposals for new development will also have to demonstrate that they will not be used for retail food, convenience goods or large electrical goods. The further development of the site for retail or leisure uses will not be acceptable without an improved means of access being provided”

In response to the pressures for further development East Riding Council has drawn up a proposed Section 106 agreement to ensure that no retail outlet now existing or any future retail outlet to be erected on the site will sell any of the following goods:

- groceries
- household cleaning materials, detergents and washing powders
- white goods (washing machines, cookers, dishwashers, fridges, freezers)
- radio and television sets, video recorders, hi-fi equipment and computers
- large DIY goods

The final example that helps to draw conclusions about this particular case study is Teesside Retail Park. This is a prime example of how a retail park development can

have serious impacts on other established centres if it is allowed to trade without planning restrictions. Phase 1 of Teesside Retail Park, which was promoted by Teesside Development Corporation, opened in October 1991. It contains 450,000 sq ft gross retail floorspace, including an 80,000 sq ft Morrisons superstore, and extensive leisure facilities. No conditions were imposed on the range of retail uses allowed, and the retail park includes several 'town centre' retailers. There is evidence of serious impact on the vitality and viability of Stockton town centre, which was in a vulnerable position before the retail park development took place. The estimated impact on Stockton town centre's comparison goods trade is 10%. The effects on Middlesbrough town centre, the sub-regional shopping centre, are not as serious because it is a stronger centre and more able to withstand the impact.

In 1993 proposals were made for Phase 2 of Teesside Retail Park, comprising 100,000 sq ft of non-food shopping in 7 retail warehouse units. The application was called-in for determination by the Secretary of State. Evidence was presented to the inquiry that the proposed extension to the retail park would compound the serious adverse impacts which had already resulted from Phase 1, particularly on Stockton. It was agreed that the combined impact of Phases 1 and 2 on Stockton were likely to be between 15 and 20% on comparison trade. The Secretary of State accepted the Inspector's conclusions that the benefits of the proposals did not outweigh the harm which was likely to be caused to the currently fragile state of Stockton town centre and to the policies which have been designed to protect its vitality and viability, and the application was refused.

Case Study 3 has demonstrated how controls on the potential impact of out-of-centre retail warehouses and factory outlet centres can be implemented through the use of planning conditions and legal agreements. The proposition that restrictions on the range of goods allowed to be sold in retail parks, and the size of retail warehouse units, will reduce the impact on comparison shopping trade in town centres has been proven in the cases examined. It is desirable in planning terms to restrict the use of floorspace in out-of-centre retail developments where there are risks of harm to town centres. The rival proposition that town centre comparison trade is not affected by retail parks and factory outlet centres is not valid, and there

can be significant impacts on town centres if unrestricted use of out-of-centre retail units is allowed to take place.

10.5 Summary

This chapter has examined three case studies on:

- the significance of retail impact
- the validity of the 'linked trips argument', and
- how to minimise the impact of new forms of non-food retailing.

These case studies focus on the key issues in PPG6 relating to retail impact. A range of sources of evidence has been used. Each case study puts forward rival propositions in relation to the research questions posed. The analysis is largely qualitative using an approach of triangulation to draw conclusions from the findings.

Case Study 1 considers the question "how can the significance of retail impact on the vitality and viability of existing town centres be assessed?" Six examples have been investigated of the predicted or observed impacts of superstore or supermarket developments on town centres - in Bishop Auckland, Richmond, Northallerton, Middlesbrough, Hartlepool and Scarborough. The findings show that impact is more significant on centres with a low level of vitality and viability than on centres with a high level of vitality and viability. There appears to be a direct relationship between the strength of a centre and its ability to withstand the impact of a new foodstore development.

Case Study 2 asks "why does PPG6 place emphasis on the sequential approach which favours the location of superstores on the edge of town centres to facilitate linked trips?" Household survey evidence has been analysed from four case studies in Middlesbrough, Scunthorpe, Hartlepool and Scarborough plus two other examples in Northallerton and Guisborough in which the issue of linked trips was important in planning decisions. The studies show that shoppers who are on main food shopping trips generally do not do comparison goods shopping at the same time. They mostly make separate trips for food and non-food shopping. Edge-of-

centre locations for major foodstores do not encourage shoppers to visit town centres to buy comparison goods on the same trip as they do their main food shopping. The 'linked trips argument in PPG6 does not appear to be borne out by the evidence of observed shopping patterns.

Case Study 3 focuses on the question "how can the impact of retail parks and factory outlet centres on existing town centres be minimised?" The regulatory planning framework allows the use of conditions and Section 106 agreements or obligations to control development that would otherwise not be acceptable in planning terms. A desk study of planning appeal decisions on retail warehouse developments nationally since 1988 shows that conditions on the type of goods and size of units can avoid potential adverse impacts on the vitality and viability of town centres. Attempts to relax restrictive conditions are commonly resisted by local authorities and Inspectors. Specific cases have been examined in Scunthorpe, Hartlepool, Hornsea Freeport and Teesside Retail Park. The need to use conditions and legal agreements to control the type of goods and size of units in minimising the impact of new forms of retailing is clearly justified.

There are some important lessons to be learnt from these case studies about the application of the guidance in PPG6 in assessing the impact of proposed retail developments. The implications for best practice are considered further in Chapter 11, and Chapter 12 draws conclusions about the relationship between retail impact and planning policy and other implications arising from the case studies.

11. BEST PRACTICE IN THE APPLICATION OF RETAIL IMPACT ASSESSMENT

The case studies in Chapter 10, together with the Local Authority survey and other evidence presented in earlier chapters, demonstrate the need for improvements in the practical application of RIA. In this chapter some principles for best practice are laid down. They are rooted in the policy requirements of PPG6 and the technical requirements for greater objectivity and a more informed use of data and assumptions in quantitative assessment. Emphasis is given to the qualitative assessment of the vitality and viability of shopping centres using a systematic appraisal framework. Recommendations are made for improvements in quantitative assessment using an expenditure flow matrix approach, which has been tested in practice, to analyse existing shopping patterns and to predict changes in shopping patterns arising from proposed new retail developments. A general framework for the application of RIA is presented which complements the policy guidance in PPG6.

11.1 Improving the Application of Retail Impact Assessment

There are still inherent problems with the application of RIA in Britain. The key problems have been identified in previous chapters, and this chapter shows how to deal with these problems. Reference is made to practical experience gained with WS Atkins and England & Lyle in undertaking retail impact studies.

The Need for Advice on Best Practice

There is clearly a need for improvement in both quantitative and qualitative assessment. Approaches to RIA have not kept pace with changes in the policy context in the last decade. It is still a predominantly a quantitative process which concentrates on economic impact rather than other relevant factors such as social impact and the growing concern with sustainability and environmental factors. It is difficult to prescribe what is good or bad practice; there is no idealised answer. But the examination of the application of RIA in this thesis makes it possible to

recommend best practice in the light of the current policy context for retail planning.

The most important research on retail impact in Britain in recent years has been:

- (1) Research commissioned by the Scottish Office on retail impact assessment methodologies, which was carried out in 1992 by Drivers Jonas, and
- (2) The PhD research by Steven Norris at Reading University on the use of impact assessment in studies of proposals for new regional shopping centres, also completed in 1992.

The research by Drivers Jonas is covered in detail in Chapter 2. Drivers Jonas examined the effectiveness of common approaches to RIA and identified key elements which might form the basis for an optimum method of assessment. The research was of particular reference to Scotland but it is of more general relevance to the application of RIA in Britain. It found that there are many similarities in approaches to RIA but there are variations in the approach to the later stages of the process. The report drew attention to the fact that percentage impact estimates are of limited use and have to be examined “on the ground”. A good understanding of existing shopping patterns is also important.

Norris’ research is referred to in Chapter 4. Norris concluded that the main approaches to RIA have changed very little since the mid 1960s and are still subject to a myriad of indeterminate assumptions and considerable areas of doubt. These uncertainties have been compounded by the poor information base on which the methods are based. There is still a preoccupation with developing more sophisticated techniques and achieving greater statistical accuracy, often at the expense of the important qualitative stage of the analysis. He felt that current practice needs to be improved in three fundamental areas:

- the need for a stronger and more comprehensive retail information base
- the need for a better trained, better informed and more critical Planning Inspectorate
- an improvement in impact methodologies and a more pragmatic approach, including an improvement in qualitative analysis (Norris, 1992).

Drivers Jonas and Norris based their conclusions largely on experience of the 1980s but what has happened in the subsequent years to influence the application of RIA? This thesis has drawn attention to other and more recent clear evidence that the approach to RIA needs to be improved. The main sources of evidence, which are covered briefly in the section, are:

- (1) comments by local authorities on retail impact studies
- (2) the report of the Environment Committee
- (3) views of other researchers and consultants
- (4) the attitude of Planning Inspectors, and
- (5) the case studies in this thesis.

Comments by Local Authorities

The survey of local authorities in Chapter 6 revealed some significant criticisms of RIAs, in particular:

- the need for better/more up-to-date retail statistics at the local level
- the need for RIAs to be more independent/objective/impartial
- the need for surveys of local shopping patterns/catchment areas
- less bias in favour of the proposed development, and
- more co-operation between the applicant and the local authority.

Other criticisms mentioned by some local authorities include more emphasis on vitality and viability indicators, the need for a standard/more consistent methodology, and a range of scenarios/assumptions (sensitivity). From the local authority viewpoint, therefore, the overall quality of RIAs needs to be improved.

The Environment Committee

The House of Commons Environment Committee report on Shopping Centres and their Future (October 1994), which is referred to in Chapter 5, called for clearer and more detailed retail planning guidance for Planning Inspectors and local authorities, especially on the anticipated impacts of proposed retail developments and on long term social and environmental effects. The Committee recommended that such guidance be brought together in a 'handbook'. In its response to the Environment Committee's report the Government agreed that it is important that planning policy guidance should be contained in a single document, but did not accept that it is necessary or desirable to create a handbook. Therefore the opportunity to clarify how retail impact issues should be handled by local

authorities was missed, and the need for such advice on best practice remains. The Environment Committee issued a supplementary report in March 1997 which stated:

“We call on the Government to insist that full impact studies should accompany all applications for significant retail development, particularly in or around small or market towns (paragraph 20) and

“in cases where development proceeds, impact studies should be assessed so that their accuracy can be reviewed and any necessary action taken to improve future studies” (paragraph 21).

Views of Other Researchers and Consultants

Several researchers and consultants working in the retail planning field have commented recently on the need for improvement in the application of RIA. For instance, McCallum (1995) recognised that there is a clear need for some measure of likely impact to make informed decisions. He thought the development of best practice guidance might help and would certainly save Public Inquiry time. He said that retail impact assessments should not lay claim to an accuracy or reliability that cannot be justified and more weight should be given to the assessment of existing centres. A report by Healey and Baker (1995) highlighted the need for further research on approaches to retail impact assessment and their validity. It stated that, if possible, a preferred approach should be identified or a good practice guide provided to ensure that such assessments are carried out on a consistent and readily understood basis. Norris and Jones stated that:

“Impact assessment can never be a scientific activity, as there is no watertight method or comprehensive retail planning data to support such a claim. Thus we firmly believe that the excessive technical and pseudo-scientific language which dominates current practice needs to be replaced by a more commonsense and pragmatic approach” (Norris and Jones, 1993, p85).

Attitude of Planning Inspectors

Throughout this thesis (and in Section 8.3 in particular) reference has been made to the scepticism with which RIA is held by Planning Inspectors. There has over many years been an explicit or implicit criticism by Inspectors of RIA, particularly of quantitative approaches. This is a matter of some concern because a significant number of decisions on proposed developments are made on appeal and impact is still an important factor in appeal decisions. The Environment Committee thought that Planning Inspectors should achieve greater consistency in decision-making. The

latest Government guidance in PPG6 gives only very general advice on retail impact issues, and there is still no clear advice to Inspectors in this field.

Case Studies

The case studies in Chapter 10 reflect increasing concern about the impact of out-of-centre retail developments on the vitality and viability of town centres, and the importance of health checks to assess the vitality and viability of centres. It is essential to judge the significance of retail impact in terms of its effects on existing centres and the ability of centres to withstand the impact of a new development. The case studies also show the importance of qualitative factors in assessing impact. Case Study 2 casts doubt on the validity of the 'linked trips argument' in PPG6 and shows that it is necessary to examine carefully the pros and cons of locating superstores on the edge of town centres. Qualitative factors are equally relevant to non-food developments in the form of retail warehouses and factory outlet centres. Controls on the type of goods and size of units through planning conditions and legal agreements can effectively minimise the potential impacts on town centres.

Policy Requirements

PPG6 raises some crucial points about shopping policy and the assessment of proposed retail developments. RIA takes place within a policy context and the policy requirements underlying impact assessment have never been so important as a basis for planning decisions. In this section the guidance in the latest version of PPG6 is analysed to draw out the implications for best practice in the application of RIA. The main guidance relating to RIA is presented in Figure 16 overleaf which refers to the relevant paragraphs in PPG6 (England, July 1996).

The new guidance goes some way towards clarifying how the impact of new retail developments should be assessed. It does not make any recommendations on the methodology to be used to assess economic impact but it provides useful advice on the factors to be considered in relation to proposals for retail development.

PPG6 sets out 3 'key tests' for assessing retail developments:

- impact on the vitality and viability of town centres
- accessibility by a choice of means of transport, and
- impact on overall travel and car use.

These key tests are intended to apply to all new retail developments that are proposed outside existing centres. In the case of proposals for retail development over 2500 square metres gross floorspace, applications must be supported by evidence of impact. Impact assessments may also be necessary for smaller developments depending on their size and nature in relation to the centre, e.g. in a market town. Where such evidence is required, PPG6 spells out the information that should be provided.

PPG6 has other policy requirements which are additional to the 3 key tests. The first requirement for a developer proposing an out-of-centre development is to show that he has followed the sequential approach laid down in PPG6. *“The onus will be on the developer to demonstrate that he has thoroughly assessed all potential town centre options”* (paragraph 1.9). The sequential approach also implies that local authorities should use RIA at the local plan formulation stage before sites are allocated. As part of the sequential approach the need for a development must be demonstrated by means of a capacity analysis. *“If ... there is no need or capacity for further developments, there will be no need to identify additional sites in the town”* (paragraph 1.10). The local authority will then need to be satisfied about impact on the development plan strategy. A proposal *“should be assessed against the strategy in the development plan and be refused if it would undermine that strategy”* (paragraph 4.2). Reference is also made to environmental impact. Major shopping proposals, where appropriate, may have to be supported by evidence on “any significant environmental impacts”. Floorspace thresholds are given to provide an indication of significance and the need for environmental assessment.

FIGURE 16

**PPG6: ASSESSING NEW RETAIL DEVELOPMENTS
(The Key Tests)**

	PPG6 Ref
The Sequential Approach and Need	
Evidence of Sequential Approach to Site Selection	1.9-1.11
Availability of Suitable Alternative Sites	
Need or Capacity for Retail Development	
Impact on Development Plan Strategy	
Would a proposal undermine the strategy?	4.2
Impact on the Vitality and Viability of Existing Centres (the 'impact test')	
Define Catchment Area of Proposed Development	Annex B
Assess Vitality and Viability of Centres in the Catchment Area	Figure 1
Quantitative Assessment: Analysis of Trading Impact by Centre	4.13-4.15
* 'broad approach'	
* economic impact	
* cumulative impact	
Qualitative Assessment: Impact on Vitality and Viability of Centres	4.3
* risk to town centre strategy	
* effect on future investment	
* changes to quality, attractiveness and role of centre	
* changes to physical condition of centre	
* effect on range of services	
* increases in vacancies	
Accessibility	
Accessibility by Choice of Means of Transport	4.6-4.8
* routes, frequency of services, etc	
* proportion of customers likely to arrive by different means	
Impact on Travel and Car Use	
Likely Effect on Overall Travel Patterns and Car Use	4.9-4.11
* changes over the catchment area	
* opportunities for linked trips	
Environmental Impact	
Floorspace thresholds:	4.19
Out-of-Town Developments	20,000 sq.m. gross
Urban Areas (new sites)	10,000 sq.m. gross

The first 'key test' is the 'impact test' to assess the economic impact of a proposed retail development, including its cumulative impact. This has been regarded in the past as an essentially quantitative assessment leading to estimates of percentage trade diversion from particular centres and residual turnover in these centres. The requirement for quantitative assessment remains and the advice is that "*in assessing impact it is essential that the local authority take a long-term view*" (paragraph 4.4). While there is still a need for quantitative analysis, a greater emphasis is now being placed on the use of qualitative assessment. The impact of a new retail development on an existing centre will vary according to the ability of the centre to withstand some loss of trade. Therefore, it is important to judge the health of centres and Figure 1 in PPG6 lists a range of indicators of the vitality and viability of centres. Local authorities are advised to regularly collect information on these key indicators. Section 11.3 of this chapter recommends best practice in the qualitative assessment of town centres. The qualitative assessment will then show the impact of a proposal on the vitality and viability of centres, considering the factors listed in the table. Of these the first two are the most important - risk to the town centre strategy and effect on future investment (paragraph 4.3).

An increased emphasis on qualitative assessment should help to alleviate some of the concern that was expressed by local authorities in the survey (Chapter 6) about the lack of impartiality and objectivity in many retail impact studies. The estimates and assumptions that underlie quantitative analyses can lead to bias in favour of a proposal, and it is often difficult for a local authority to know how reliable the impact assessment really is. Hence, the growing use of independent audits of retail impact assessments that are being commissioned by local authorities. Qualitative assessments, on the other hand, are much more easily understood and their accuracy can be readily established.

The survey of local authorities also highlighted the need for better retail information and local shopping surveys. Improvements in the methodology of retail impact assessment are pointless without corresponding improvements in the availability and quality of information about existing shopping provision and shopping patterns. PPG6 recognises the importance of retail surveys so that shopping policy and

decisions on applications can be based on accurate and up-to-date information. The assistance of the private sector with such surveys is acknowledged, both on existing provision and future capacity of shopping centres, and in collecting indicators of vitality and viability.

The combination of quantitative and qualitative assessment, then, provides the basis for the 'impact test' on which a proposal will initially be judged. Attention then turns to transport factors. A proposal may satisfy the impact test but fail on the grounds of accessibility or impact on travel and car use. Much of the advice in PPG6 is rooted in the message that *"town and district centres should be the preferred locations for developments that attract many trips"* (paragraph 1.3) and that out-of-centre development is less acceptable because it encourages trips by car. Debate on this point will no doubt continue for some considerable time, but developers and local authorities will have to take careful note of the transport implications of all proposed developments. The relevant paragraphs on accessibility and travel impact are noted in Figure 16. In the revised guidance the government still maintains its view that edge-of-centre foodstores with parking facilities will facilitate 'linked trips'. However, this view does not seem to be supported by the available evidence of Case Study 2. Shoppers who visit a town centre for comparison shopping or other purposes on the same trip as they do their main food shopping are in the minority.

Technical Requirements

Much of the criticism of the application of RIA has been due to weaknesses in the methodology for quantitative assessment. The main weaknesses have been pointed out in Chapter 4, but this section highlights the key areas in which improvements are required. It does not seem possible to devise a standard methodology for RIA because the approach must reflect local circumstances (urban or rural, large or small centres) and the type of development proposed. Sometimes a cursory analysis is sufficient, but in other cases a complex analysis is called for using household survey data and perhaps a cumulative impact assessment.

It is clear from the findings of this research that although a standard methodology may not be appropriate, there is a need for a better methodological framework for RIA. Section 11.5 of this chapter puts forward such a framework for best practice. The early experience of RIA was largely based on shopping models, but there is little evidence of the use of models in current practice in RIA in Britain. The gravity-type model described in Chapter 4 has so many drawbacks in methodology, data, forecasts and assumptions, and has been so frequently condemned by Inspectors at inquiries, that there can no longer be any confidence in the use of such models. The framework put forward later in this chapter does not rely on gravity-based modelling but it uses an expenditure flow matrix which is a more reliable means of estimating the patterns of expenditure from where people live to where they shop.

The credibility of the application of RIA depends very much on the quality of the data and the validity of the assumptions made in the quantitative assessment. RIA is still an “inherently indeterminate exercise” (Norris, 1992). Section 11.2 focuses on how the problems of data and assumptions can be tackled to improve the accuracy of the impact predictions.

The major criticism of RIAs revealed in the survey of local authorities is its lack of objectivity. Each party at a Public Inquiry, for instance, can manipulate impact methods to meet their own objectives. Inspectors have to weigh up the nature of the evidence and make their own judgements. The local authority survey showed a clear view from local authority planners that retail impact studies should be more independent/objective/impartial. But how can this be achieved?

It has been suggested that on receipt of an application for major retail development, the local planning authority could commission a RIA from a retail consultant represented on an approved panel of experts and charge the fee to the applicant (Inman, 1995). There are merits in this approach. Inman considers there are a number of advantages:

- (1) The local planning authority would be the client rather than the applicant. The consultant would then be free of any obligation to the applicant.

- (2) The local planning authority would have no need to commission a separate impact assessment.
- (3) The application would be determined in a shorter period.

At present such a procedure is not in prospect and there was no reference in the Environment Committee's report to completely independent RIAs. However, the application of RIA would be improved if there was a statutory requirement for retail impact studies to be conducted independently and to be demonstrably free of bias. Inman's suggestions might ensure impartiality but they would not necessarily mean a improvement in the quality of the assessment. Different consultants can produce studies of varying standards. A better alternative would be a statutory procedure for RIAs in the same way that environmental assessment is subject to strict guidelines which are intended to ensure objectivity. Clear principles of analysis are laid down in the regulations and the environmental impact statements are open to independent scrutiny.

The only safeguard open to local authorities at the moment in checking the quality of retail impact studies is to seek a second opinion by commissioning an independent review or audit of the applicant's study from another consultant. An independent audit should not be a duplication of work on the original study, but should check the accuracy of the data, any errors or omissions in the assessment, and the validity of the assumptions and forecasts. It should certainly comment on any bias in the assessment. The audit should confirm the conclusions or raise questions about them and should comment on the significance of the predicted impact.

11.2 Data and Assumptions

From experience of undertaking a large number of retail impact studies and seeing examples of good and bad practice, it is possible to give practical advice on how data and assumptions should best be used in RIA. This advice takes account of extensive examination of retail impact studies by other consultants, Inspectors' reports on planning appeals and discussions with local authority planning officers, but it is largely based on personal experience in the retail planning field since the 1980s.

Section 4.3 has drawn attention to the serious data problems that beset any quantitative assessment of retail impact. Many writers over the years have pointed to the over-riding need for a better and more comprehensive retail information base. Particular weaknesses are the availability and reliability of data on shopping floorspace and turnover. The local authority survey also clearly showed the need for better/more up-to-date retail statistics at the local level (Section 6.3).

The question arises: "How can the application of RIA be improved without good data?" Although there are serious problems with data, this section attempts to show that with intelligent use of the data that is available, the quality of data need not be a handicap to undertaking sound impact assessments. There are a number of key areas on which decisions have to be made on data and assumptions and these are covered in turn. The analysis concentrates only on the most important aspects. The full range of data inputs and forecasts that are used in RIA are referred to later in Figures 19 and 20.

Household Surveys

The conventional methodology of RIA, described in Section 4.3, involves defining catchment areas by means of isochrones and often subdividing them into zones or subareas. Subareas allow a more accurate geographical representation of shopping patterns. Where household survey data is available, the use of subareas is particularly important in helping to assess expenditure flows (which are explained in Section 11.5).

The use of household surveys is recommended by this research because recent experience of undertaking RIAs shows that it is the only way to build up an accurate picture of existing shopping patterns. The study area selected for a household survey need not represent the actual catchment area of a centre but it should be sufficiently large to comprise the primary catchment area and other areas from which a significant proportion of trips will go to that centre. An interview survey of shoppers in a centre can also be used to show where shoppers live and so help define the full extent of the catchment area. But if there is no shoppers survey

data, analysis of the household survey results by subarea/postcode will still enable the catchment area to be defined accurately.

The nature of the questions to be asked in a household survey will vary according to the type of retail study being carried out, but generally the key questions will be concerned with:

- the store mostly used for main food shopping
- mode of travel for main food shopping
- frequency of main food shopping
- shops used for top-up food shopping
- frequency of top-up shopping
- proportion of food shopping spending that goes on the 'main shop'
- money spent on main food shopping
- centres used for non-food shopping (different categories of comparison goods)
- centre mostly used for non-food shopping
- whether shoppers make linked trips when doing main food shopping.

Some attitudinal questions may also be asked e.g. how satisfied people are with a particular centre, their specific likes and dislikes about the centre, and ways in which it might be improved.

The normal rules of questionnaire design should apply, such as wording questions so that they don't lead to biased or ambiguous answers. The sample for a household interview survey should be large enough to be statistically reliable. The sample size depends on two factors:

- the degree of accuracy required, and
- the extent to which there is variation in the population.

There are several things to note about the relationship between sample size and accuracy (de Vaus, 1996):

- (1) When dealing with small samples a small increase in sample size can lead to a substantial increase in accuracy. Beyond a certain point the cost of increasing the sample size is not worth it in terms of the extra precision. A sample size of 2,000 is considered to be sufficiently accurate in any situation since beyond this point the extra cost does not lead to any significant gain in accuracy.

- (2) The size of the population from which the sample is drawn is largely irrelevant for the accuracy of the sample. It is the absolute size of the sample that is important.
- (3) To analyse sub-groups within the sample, it should be sufficiently large so that the smallest sub-group has at least 50 cases.

The final sample size will be a compromise between cost, accuracy and ensuring sufficient numbers for a meaningful sub-group analysis. The researcher must decide what use is to be made of the results and what precision is required (Moser and Kalton, 1993). In practice a sample of 400 households would be acceptable, producing a margin of error of 5.0% at the 95% confidence level. The researcher's choice of confidence level will depend on what is most important - a narrow range of error or a high probability of being correct. But a 95% confidence level is used in most instances (Moser and Kalton, op cit). A sample of 500 would have a margin of error of only 4.5%. Increasing the sample size any further is not necessary for statistical accuracy and it would increase the survey costs beyond what is reasonable.

The exception is that for very large populations, it may be justified to use a larger sample of say 1,000 households to increase the statistical coverage of the population. A sample size of 1,000 has a margin of error of less than 3% (de Vaus, op cit). It is also not necessary to have a sample of more than 10% of households, so that in a small catchment area of say 4,000 households, the sample size does not need to be more than 400.

Household surveys should wherever possible be conducted as in-home, face-to-face interviews by trained, professional interviewers, and the number of interviews should be quota-controlled by subarea. In-home surveys produce considerably better quality information than telephone surveys which have an inherent bias because a significant proportion of households are without a telephone or are ex-directory. Telephone interviews are also subject to respondent suspicion about telephone selling, and they are not significantly cheaper to carry out.

Expenditure

Section 4.3 discussed the use of retail expenditure estimates and projections in some detail. In recommending best practice on retail expenditure data and assumptions, the key decisions are:

- whether to use a goods-based or business-based definition of expenditure, and
- the most appropriate growth rate to use for expenditure projections.

It is advisable to use expenditure data from the Unit for Retail Planning Information (URPI), also known as the Data Consultancy, whether in the form of national expenditure estimates published in URPI's annual Information Briefs, or local estimates which can be specially ordered as Illumine Reports for local authority areas or other small areas. Both these sources of data are available as goods-based and business-based expenditure. There is at present no consensus among consultants about whether the goods-based or business-based definition is preferable. The advocates of business-based expenditure claim that it is better because:

- (1) in many proposals for superstores the operator is not known and so the arrangement of food and non-food goods floorspace cannot be determined
- (2) all company average turnovers derived by URPI and Retail Rankings are business-based.

The difficulty with the business-based definition is that the term 'business' does not relate to individual shops but to the whole company e.g. Co-ops are defined as convenience businesses and their department stores are treated as part of that convenience business. On the other hand, Marks and Spencer food halls are classed as part of the company's business as a 'comparison mixed' retailer. One of the main arguments for business-based expenditure, that company average turnovers are business-based is irrelevant if turnover estimates are made from market shares based on household surveys (see next section).

According to URPI (1995) neither goods-based nor business-based analysis can be authoritatively pronounced better, since each has both strengths and weaknesses. But URPI state that in general the expenditure data is likely to be more accurate at a local level on a goods basis.

The conclusion for best practice is that in most cases goods-based expenditure and turnover should be used. A goods-based definition should certainly be used in any analysis of comparison shopping, partly to avoid the Marks and Spencer food hall problem mentioned earlier, and because any analysis of retail warehousing needs to use the URPI data on bulky goods expenditure which is by goods type. It is true that floorspace and turnover/floorspace ratios are more easily obtained on a business basis, but it is good practice in any retail study to make an accurate survey or estimate of shopping floorspace and this can be done by goods type if the effort is made to adjust floorspace for food and non-food goods in larger stores. The only clear justification for using a business basis is in the case of a superstore proposal in a conurbation with numerous existing superstores and variety stores where the adjustment of floorspace may be too onerous.

The other key decision to make on retail expenditure concerns the annual rate of expenditure growth. Per capita expenditure projections normally use local figures of per capita expenditure per annum as the base, to which is applied national growth rates published by URPI. These are updated annually for convenience and comparison shopping (both by goods type and business type) and are based on trends over different time periods (see Section 4.3 for details). URPI recommend the most appropriate growth trend to use. The latest advice from URPI is to adopt the following growth rates:

by goods type: long-term or ultra long-term growth trends

by business type: long term growth trends

URPI have also analysed expenditure growth in bulky goods (DIY/hardware, carpets and furniture, and electrical goods) in Information Brief 95/4. The application of these more detailed trends is strongly recommended when dealing with retail warehouse developments.

Turnover

In outlining the current methodology on estimating the turnover of existing centres, Section 4.3 refers to the application of typical turnover/floorspace ratios to estimates of retail floorspace. This approach is acceptable in cases where there is no

better alternative data, but for existing centres it is best to use market shares for individual centres/stores if data is available from a household survey. The Drivers Jonas research (1992) advised that estimates of turnover should be based on local survey information or controlled by knowledge of available expenditure in the local retail system. The market share approach involves taking the survey responses to show the percentage of people who mainly shop at named centres or stores for different types of goods. The practical application of the approach is illustrated in Section 11.5.

Considerable empirical experience of using this market share approach shows that it is very reliable and produces turnover estimates that can reasonably be verified by other sources such as evidence of trading performance. But in some situations the survey data may not accurately represent market shares for the following reasons:

- (1) The data represents shopping trips, not expenditure. Average spending per trip may vary significantly between different stores e.g. a superstore and a smaller supermarket.
- (2) The survey may under-represent the extent to which shoppers use smaller shops e.g. specialist food shops because they only name the shop(s) they use most.

Therefore the figures should not be accepted at face value. The turnovers per sq. metre of the main stores and other shops should be checked carefully to see if they look reasonable, and professional judgement applied to make adjustments where necessary.

In estimating the future turnover of centres in the design year for the purposes of the impact assessment, it is conventional to assume that for convenience goods the turnover will be the same as in the base year. However, for comparison goods it is usually assumed that the floorspace efficiency of existing shops will increase at a rate of 1.5% per annum (URPI Information Brief 86/6). Therefore the base year turnovers for comparison goods should be increased by 1.5% per annum over the period up to the design year. This is important in assessing the residual turnover of centres (see next section on Trading Impact).

The turnover of a proposed store is normally estimated by multiplying its net floorspace by an appropriate figure of turnover per sq. metre (including VAT but excluding petrol sales in the case of superstores). Company averages are often used as the basis for estimating the turnover per sq. metre but they are a poor guide to the likely turnover of an individual store. There can be wide variations in the performance of stores depending on location, degree of competition, etc. In practice the likely turnover of, for instance, a proposed superstore should take the company average as the starting point, then adjust it up or down according to judgement about the trading position of the centre or other similar stores in the area.

Trading Impact

Estimating the trading impact of a proposed development should be done in three stages:

- (1) making assumptions about trade draw
- (2) calculating the percentage trade diversion from existing centres, and
- (3) assessing the residual turnover of centres.

Estimating the proportions of trade to a proposed development that would be drawn from each isochrone/subarea is a difficult but very important element of any RIA. Evidence can be derived from existing stores but it is necessary to take account of the distribution of population in the catchment area and the pattern of existing shopping provision in the area. It is usually assumed that 10% of trade will be drawn from outside the primary catchment area and that the percentage of trade from each isochrone will decline with distance from the store, the same principle that underlies gravity-based shopping models. This is a key area for possible agreement between the parties at a Public Inquiry because even slight differences in the assumptions can have a significant bearing on the final impact figures.

The assessment of trade diversion requires the amount of trade predicted to be lost from each centre to be expressed as a percentage of that centre's turnover. The denominator is the centre's projected turnover in the design year but, as noted above, in the case of convenience shopping it will normally be the same as turnover in the base year. The trade diversion from particular centres can simply be estimated subjectively but this is inadequate and would be open to close scrutiny at

an Inquiry. It can also be assumed to be pro rata to existing shopping patterns i.e. a centre will lose trade in proportion to the amount of trade it draws from each isochrone or subarea. This is also not a totally acceptable method because in reality stores tend to compete like with like. Therefore the 'pro rata method' should be used as the starting point but it should be modified by a subjective allocation of residual expenditure from each subarea to each centre based on the types of centre/store most likely to compete with the proposed development. The way this approach is applied in practice is outlined in Section 11.5.

Retail impact should not be assessed in terms of percentage trade diversion only. It is also essential to assess the residual turnover of centres, expressed as residual turnover per sq. metre in the centres which are predicted to experience trade diversion. Usually residual turnover per sq. metre is compared with company averages or typical turnover/floorspace ratios for different types of centres. There is not a strong body of evidence on which to have confidence about the reliability of typical turnover levels for town centres, district centres and local centres. It is more reliable to compare residual turnover with the minimum level of viability of a centre - the level below which closures are likely.

Sensitivity of Assumptions

Because of uncertainties inherent in the assumptions and projections used in RIA, it is advisable in any impact study to test the sensitivity of the assumptions. It is necessary to build in an allowance for variations in the assumptions and errors in forecasting. Experience shows that the main factors in the assessment which are subject to variability are:

- the level of per capita retail expenditure (whether it is goods-based or business based)
- the rate of growth of per capita expenditure, and
- the predicted turnover of the proposed development.

The choice between goods-based and business-based expenditure has already been discussed, but it is particularly important in the case of convenience expenditure because the growth rate for convenience businesses is much greater than it is for convenience goods (see Section 4.3). Convenience businesses have an element of

comparison goods trade which is growing faster than convenience goods trade. Where there is some dispute over the use of goods-based or business-based figures, or where there are good reasons for considering a range of expenditure growth projections, the goods and business-based figures can be regarded as a range with goods type as the lower limit and business type as the upper limit.

The sensitivity of expenditure growth can also be tested by adopting different rates of growth from those recommended by URPI. The URPI projections or per capita expenditure are extrapolations of trends over different time periods to which a regression line has been fitted. The recommended trends are those with the highest correlations, but there may be circumstances in which an alternative projection may be preferred. For example, it may be considered inappropriate to apply national growth rates for expenditure in an area which is depressed economically. Therefore, it is common to take alternative trend projections as a basis for a range of expenditure growth, typically the URPI long-term and ultra long-term trends, or an URPI trend line and some other assumed growth rate which is lower to produce a lower limit for the projections. Even if no deliberate choice of a range is made, it is important to bear in mind the uncertainty about the rate of growth of retail expenditure. All the URPI expenditure projections are subject to 95% confidence limits, and these should be reflected in the interpretation of retail impact.

The other key factor in testing the sensitivity of an impact assessment is uncertainty about the turnover of the proposed development. Its predicted turnover may be based on company averages but it is necessary to allow for local variations above or below the average level. A range of predicted turnovers per sq. metre may be used to make the analysis more robust.

Qualitative Factors

It is no longer adequate to assess retail impact simply in quantitative terms. There is a major requirement to interpret impact in relation to the vitality and viability of existing centres, and good practice in the qualitative appraisal of town centres is set out in Section 11.3. Other qualitative factors to be considered in assessing

applications which may have an impact on a nearby town, district or local centre are listed in paragraph 4.3 of PPG6. They are:

- *“the extent to which developments would put at risk the strategy for the town centre, taking account of progress being made on its implementation ...*
- *the likely effect on future private sector investment needed to safeguard the vitality and viability of that centre*
- *changes to the quality, attractiveness and character of the centre, and to its role in the economic and social life of the community*
- *changes to the physical condition of the centre*
- *changes to the range of services that the centre will continue to provide, and*
- *likely increases in the number of vacant properties in the primary retail area.”*

PPG6 notes that information on the health of town centres collected using indicators of vitality and viability should help in undertaking the assessment. The lesson for good practice is that a thorough appraisal of centres which may be affected by retail impact is essential. Advice on RIA by Norris and Jones (1993) advocated that the approach should move away from the quantitative turnover-based assessments of impact to a qualitative centre-based survey approach which evaluates the strengths and weaknesses of centres and their ability to withstand new competition. Section 11.3 which follows recommends how the qualitative assessment of town centres should best be carried out.

11.3 Qualitative Assessment of Shopping Centres

Section 5.5 discussed the concept of vitality and viability and how it has become the cornerstone of Government policy on promoting and enhancing town centres. PPG6 emphasises the need to assess the vitality and viability of town centres using health checks and Figure 1 in the guidance lists a number of indicators which are recommended as the basis for undertaking health checks. Case Study 1 in Chapter 10 showed conclusively that there is a relationship between the vitality and viability of a centre and its ability to withstand retail impact.

In this section a framework is set out for the appraisal of the health of town centres which has been shown from empirical testing over a period of two years to be an accurate means of qualitative assessment. It begins with the premise that the indicators listed in PPG6 should be used in any health check appraisal. They have

been refined over several years since the 1993 version of the guidance and they have been tested in numerous retail impact studies and at public inquiries. However, they are fairly broad indicators which do not lend themselves to systematic application. PPG6 is not prescriptive about these indicators. No advice is given on how they should be applied in practice, and they are too subjective to be a reliable guide to the health of a town centre. For example, how can general terms such as 'retailer representation' or 'accessibility' be judged meaningfully in a way which can act as a measure of vitality and viability? Several consultants have devised their own health check approaches but they tend to be excessively detailed and expensive.

To overcome these problems of assessing the health of a centre the indicators in PPG6 were compared with the more detailed 'factors' of vitality and viability suggested in the URBED research report on Vital and Viable Town Centres (1994) commissioned by the Department of the Environment. There are many similarities in the nature of the indicators and factors, but URBED grouped their factors into specific elements of Attraction, Accessibility and Amenity. It was decided to combine the PPG6 indicators and corresponding URBED factors to produce an integrated checklist of factors that are relevant to the appraisal of a town centre. The relevant factors were listed against the PPG6 indicators to provide a checklist of 42 factors that can be assessed for any town centre. This checklist is shown on the appraisal sheet in Figure 17.

The appraisal framework is based on a scoring system using a 5 point scale of 1 = very poor, 2 = poor, 3 = fair, 4 = good, and 5 = very good. Each factor is given an assessment score from 1 to 5. Most of the data needed for the appraisal can be obtained from a comprehensive town centre survey of the use of commercial properties and their physical appearance. The survey information can be analysed to derive scores for most of the factors corresponding to the indicators of diversity of used, retailer representation, and vacant properties. Other factors relating to retailer representation, pedestrian flows, accessibility, safety and security, and environmental quality can be obtained by observation of the centre generally and

FIGURE 17

TOWN CENTRE HEALTH CHECK APPRAISAL SHEET		*
INDICATOR	FACTOR	ASSESSMENT
Diversity of Uses	Number and range of shops	
	Financial and professional services	
	Business and office premises	
	Cafes and restaurants	
	Pubs and clubs	
	Cultural attractions/ community facilities	
	Sports and leisure facilities	
Retailer Representation	Number of multiple retailers	
	Variety of specialist/independent shops	
	Existence and quality of market	
	Availability of food shopping	
	Availability of enclosed shopping	
	Retail opening hours	
	Evidence of recent investment by retailers	
	Presence of Charity shops	
Vacant Properties	Presence of low quality discount shops	
	Vacancy rate	
	Vacant floorspace	
Commercial Performance	Effect of vacant premises on the centre	
	Rental values	
Pedestrian Flows	Shopping centre yield	
Accessibility	Volume of pedestrian flow	
Customer Views and Behaviour	Ease of movement for pedestrians	
	Ease of movement for cyclists	
	General pedestrian environment	
	Ease of movement by car	
	Car parking	
	Quality of public transport	
	Ease of movement by public transport	
	Ease of movement for the less mobile	
Safety and Security		
	Satisfaction with the centre	
	Need for improvements	
	Leakage of trade to other centres	
Environmental Quality		
	Feeling of security	
	Perception of safety outside shopping hours	
	Effectiveness of street lighting	
	Availability of CCTV	
AVERAGE SCORE	Physical appearance of properties	
	Overall cleanliness	
	Quality of buildings	
	Quality of open spaces/ landscaping	
	Availability and condition of toilets	
*		
1 = very poor; 2 = poor; 3 = fair; 4 = good; 5 = very good		

from information available from the local authority. Two of the indicators require information that must be obtained from other sources:

- commercial performance requires data on rental values and shopping centre yields which were discussed in Section 2.4
- customer views and behaviour require data from household or shopper interview surveys.

To illustrate how the factors can be applied in practice, examples are given below of the way in which scores are attributed to particular factors. Taking the example of the first indicator, Diversity of Uses, one of the most important factors is the number and range of shops. A relatively large number of shops will tend to produce a relatively high score because the larger a centre is, the more attractive it is likely to be to shoppers. Smaller centres will not necessarily imply a lower score because the role of the centre must be taken into account. A district centre with relatively few shops may still be regarded as 'good' if it has a relatively large number of shops for its role. But the absolute number of shops is not the only measure of attraction. The range of shops is also important. A centre which has a narrow range of shops, say with an emphasis on convenience shopping, and a relative lack of comparison outlets, will tend to have a lower attraction than a centre with a good range of both convenience and comparison outlets in which shoppers are offered more variety of goods. It is, therefore, the quality of the opportunity for purchasing goods rather than just the size of the centre which is significant. This will influence whether a score is given which is better or worse than average. A deficiency of certain types of shops is likely to produce a 'poor' scoring, whereas a 'good' score would reflect a centre which offers a greater range of opportunity.

In the case of the indicator of Retailer Representation, it should be noted that for two factors - presence of charity shops and presence of low quality discount shops - a 'negative' scoring is to be applied. The presence of charity shops, for example, is to be regarded as a negative factor because it suggests that the centre is unable to support a full range of viable outlets paying market rents. Charity shops reflect 'concealed vacancies' i.e. units which would otherwise be vacant if it were not for the presence of the charity organisations. A perceived large number of charity

shops would suggest a relatively poor scoring whereas the absence of charity shops would suggest a relatively good scoring. The same principle applies to low quality discount shops, the presence of which can usually be taken as a reflection of a centre which is performing at below average levels of trading, and therefore would suggest a 'poor' scoring.

In the scoring system no attempt is made to weight individual factors. It would be extremely difficult to do so and there could be no sound justification for the weightings used. But in fact the scoring system tends to give greatest weight to the indicators of diversity of uses, retailer representation and accessibility because they have the largest number of individual component factors. There are the indicators which are generally regarded as being the most important measures of vitality and viability (see Section 5.5). Conversely, least weight is given to indicators of pedestrian flow and commercial performance which are generally regarded as being of lesser importance. Other indicators such as vacant properties, customer views and behaviour, and environmental quality lie between these extremes. This is an accurate reflection of the relative importance of different indicators in assessing the vitality and viability of centres.

It is not necessary for all the factors to be scored; not all of them will be applicable to every centre, or in some cases data will not be available. An average score is calculated just for those factors that do apply. The end-product of the appraisal, then, is an overall score or vitality and viability index for a centre on an interval or cardinal scale. Experience shows that the vitality and viability index will tend to range from about 2.0 for a centre which is performing badly with a low level of vitality and viability to about 4.0 for a centre which is performing well with a high level of vitality and viability. An index of 3.0 indicates an average or fair performance. The approach has been applied successfully to a large number of shopping centres in the North of England between 1995 and 1997. It has been refined since the latest version of PPG6 but appraisals carried out previously have been revised using the same framework and consistent results obtained. Most of the centres assessed were found to have overall scores of between 2.6 and 3.8.

Examples of the vitality and viability indices for the centres which have recently been assessed are as follows:

Beverley	4.0
Northallerton	3.8
Harrogate	3.8
Scarborough	3.6
Hartlepool	3.5
Scunthorpe	3.2
Whitby	3.1
Knaresborough	2.8
Newton Aycliffe	2.8
South Bank (Teesside)	2.2

The appraisal framework in Figure 17 is a subjective but systematic approach to assessing the vitality and viability of centres. It is relatively simple to use in practice and it provides very reliable results. The approach allows comparisons between centres, but such comparisons should be made for centres which are similar in size and function, a process sometimes known as ‘benchmarking’. The appraisal is a snapshot but by repeating the process over a period of time (annually or biennially) changes in the vitality and viability of a centre can be monitored. The approach is considered to be a significant improvement on other methods of carrying out health checks. It satisfies current Government policy guidance, and the best practice advice in this thesis is that it should be applied in all retail impact studies for all centres which might be affected by a proposed development.

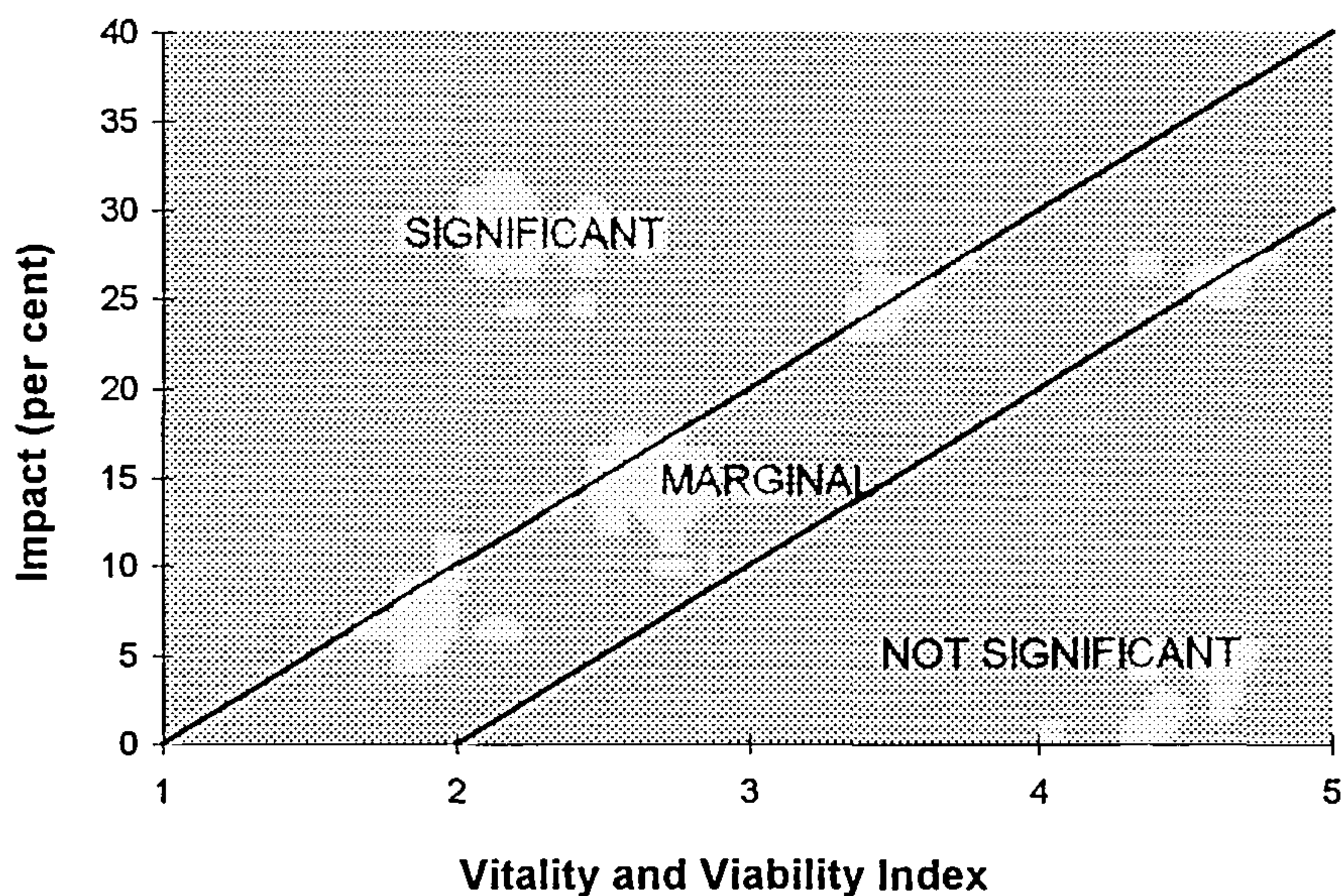
11.4 Interpretation of the Significance of Retail Impact

Extensive reference has been made in this thesis to the levels of retail impact that can occur from new out-of-centres superstores, retail parks and other forms of retail development, and to the predicted impacts of proposed developments. It is clear that there is still great concern about the effects of a proposed new development on existing centres and this is an important issue in decisions by local authorities on planning applications and by Inspectors on planning appeals. Appeal decisions are still mostly based on impact issues but the interpretation of impact has become a much more important factor, rather than just estimates of trade diversion. The predicted level of impact must be interpreted in the light of the vitality and viability of centres. However, there is still great uncertainty about the significance

of a particular level of impact on a particular centre. Case Study 1 in Chapter 10 showed the importance of assessing impact in the context of the vitality and viability of the centres affected, and Section 11.3 has provided a basis for the appraisal of town centres to measure their vitality and viability using a systematic framework.

This section postulates that, because there is a direct relationship between quantitative impact and the vitality and viability of a centre, the significance of a particular level of impact on a particular centre can be judged by a ‘model’ of significance of retail impact, which is shown in Figure 18.

Figure 18: Model of Significance of Impact



The ‘model’ is a graphical representation of the relationship between percentage impact and the vitality and viability index based on the town centre appraisal. It has been tested with reference to foodstores but it is equally applicable to other types of retail development. Percentage impact on the graph refers to convenience turnover but it could easily be adjusted to apply to the total turnover of a centre. If percentage impact is high (say 20% or more) the significance of that impact will be much greater for a centre with an average or below-average index of vitality and viability (say 3.0 or below) than for a centre with a high index of vitality and viability (say 4.0 or above). If percentage impact is low (say below 10%) its

significance will tend to be low for a centre with a vitality and viability index of above 3.0, but there may still be a significant impact if a centre has a low level of vitality and viability (say 2.0). The graph shows that there will in practice be a 'grey area' where the level of significance can be considered marginal.

The 'model' is a simple guide to interpreting the significance of a certain level of retail impact. It is not intended to be applied as a 'rule of thumb' in assessing impact and it may be inconclusive in cases where impact is marginal. Further research is needed to test the approach thoroughly but there is sufficient evidence from the preliminary testing on superstores carried out for this thesis to be confident that the model is capable of assessing the significance of retail impact. The approach needs to be refined using empirical data on different types of retail development to set the parameters of significance but it should be a useful tool to improve the application of the 'impact test' in PPG6. It could be extremely helpful in practice to local authorities and Inspectors as a first step in judging the predicted impact of a proposed development.

11.5 A Framework for Retail Impact Assessment

This final section on 'best practice' is a synthesis of the technical and policy requirements presented earlier, together with the advice on data and assumptions, the qualitative appraisal of centres and the interpretation of impact on the vitality and viability of centres. There is no question that the methodology and application of RIA need to be improved, and the recommendations on best practice lead towards the need for a clear framework for RIA that is practical and readily understood. Like the qualitative appraisal of town centres, the framework that is prescribed in this section has been developed and refined in retail impact studies over the past two years. It is a very pragmatic approach to describing existing shopping behaviour and predicting the impact of a proposed retail development on shopping behaviour in the future, including trade diversion from existing centres.

The framework deals with economic impact only. Economic impact remains the fundamental consideration in PPG6 for assessing the effect of a new retail

development on the vitality and viability of shopping centres. Other impacts need to be considered outside this framework. Environmental impact is now firmly established in Government policy guidance through the sustainability tests in PPG6. Therefore any RIA must assess the impact of a proposed development in terms of:

- its accessibility by a choice of means of transport, and
- its impact on overall travel and car use.

The ways in which these 'sustainability impacts' should be assessed is a major topic in its own right and beyond the scope of this thesis but the inclusion of these 'tests' is essential to the implementation of current policy. Social impact is one of the qualitative factors to be considered in terms of paragraph 4.3 of PPG6 which includes reference to "changes to the quality, attractiveness and character of the centre, and to its role in the economic and social life of the community". Therefore, the wider impacts are part of the assessment process but the focus of this best practice guide is on economic impact and how it should be assessed in quantitative and qualitative terms.

In any retail impact study, before detailed issues of impact are analysed, it is necessary to comply with the PPG6 requirement in paragraph 1.10 to assess the need or capacity for future retail development. A growth in capacity in the retail system is the first indication of retail demand. It is expressed as expenditure growth in the long-term, usually 10 years, over a wide area. The growth of retail expenditure represents turnover potential which is converted to floorspace capacity by applying turnover/floorspace ratios. The net floorspace requirement needs to take account of any commitments and, in the case of comparison shopping, the increase in floorspace efficiency of existing shops. The re-use of vacant floorspace should also be considered.

However capacity analysis has some serious limitations. The analysis takes no account of the dynamics of the retail system, particularly for changes to occur in shopping patterns as new developments take place. It assumes that the retail system is in an equilibrium state in the base year and that the turnover of existing shops will increase very gradually over the forecast period. Hence the assumption of a

1.5% p.a. increase in floorspace efficiency. In reality, where existing shops are under-trading there will be scope for a more rapid growth of turnover which will therefore reduce the capacity for new development. Where existing shops are over-trading there will be less opportunity for growth in floorspace efficiency and so the potential for new floorspace could be greater. The other major limitation of the capacity analysis approach is that retention levels and leakage are not explicitly considered. Capacity analysis is most useful for assessing the scope for additional comparison goods floorspace but for convenience goods it is less useful. If there is little capacity for additional floorspace, which is usually the case for convenience goods, a capacity analysis can confirm that any major new development would result in an impact on trade in existing centres.

The assessment framework uses the same data as the capacity analysis but it is based on the analysis of expenditure flows for a retail sector (convenience or comparison). An expenditure flow matrix is built up for the base year using household survey information which shows the pattern of shopping between subareas and centres/stores. The base year matrix is set up as a computer spreadsheet (all the testing of the approach has used Excel) in which the rows are subareas and the columns are centres. The final column is total expenditure (convenience or comparison) and the penultimate column is leakage out of the catchment area. The final row is turnover of each centre and the penultimate row is inflow of expenditure into the catchment area. All expenditure is allocated using this framework, so it is necessary to have a column for local centres or centres not included in the other columns.

Expenditure from each subarea is allocated between centres based on the market shares shown by the household survey. For the convenience sector it is preferable to produce a matrix for main food shopping and top-up shopping separately, then add these together for all convenience goods. For comparison shopping it is preferable to produce separate matrices for each category of non-food goods then aggregate them for all comparison goods. The turnover of a particular centre is then the summation of the expenditures from different subareas to that centre. It was noted in Section 11.2 that in some situations it may be necessary to adjust the

market shares from the household survey to counteract any under-representation of smaller shops or centres, and this should be done before completing the base year matrix.

This matrix forms the basis for predicting retail impact. The steps in the framework for assessing retail impact are shown in the two flow diagrams in Figures 19 and 20. Figure 19 shows how the framework is applied in testing the impact of a recent development and Figure 20 shows how it is applied in testing the impact of a proposed development. To test the impact of a recent development, such as a superstore, the base year expenditure flows must be adjusted to exclude expenditure which goes to that store. This expenditure is re-distributed among the other centres/stores to give revised turnovers. These represent estimates of 'pre-impact' turnover and they are compared with the 'post-impact' estimates to show trade diversion. The method of re-distribution may require some careful subjective analysis rather than just being based on a pro-rata distribution of expenditure between centres.

To test the impact of a proposed development it is necessary to set up an impact matrix for the design year, projecting expenditure forward say 5 years. Projections are made of expenditure for a particular sector by subarea. Estimates are then made of the turnover of the proposed development and its trade draw by subarea (including inflows). The trade draw to that development from each subarea is subtracted from total expenditure for the subarea, and the remainder is re-distributed among centres. Again it is advisable to use a combination of pro rata allocation and manual adjustment because trade diversion should take account of the principle of centres competing 'like with like'. Reasoned judgement must be used so that the method stands up to scrutiny from an independent review or challenge from other parties at an Inquiry.

The predicted turnovers of centres are compared with the base year turnover in the case of convenience goods) or estimated design year turnover (in the case of comparison goods) to assess trade diversion. In the impact matrix additional rows

FIGURE 19

RETAIL IMPACT ASSESSMENT METHODOLOGY
(Recent Retail Developments)

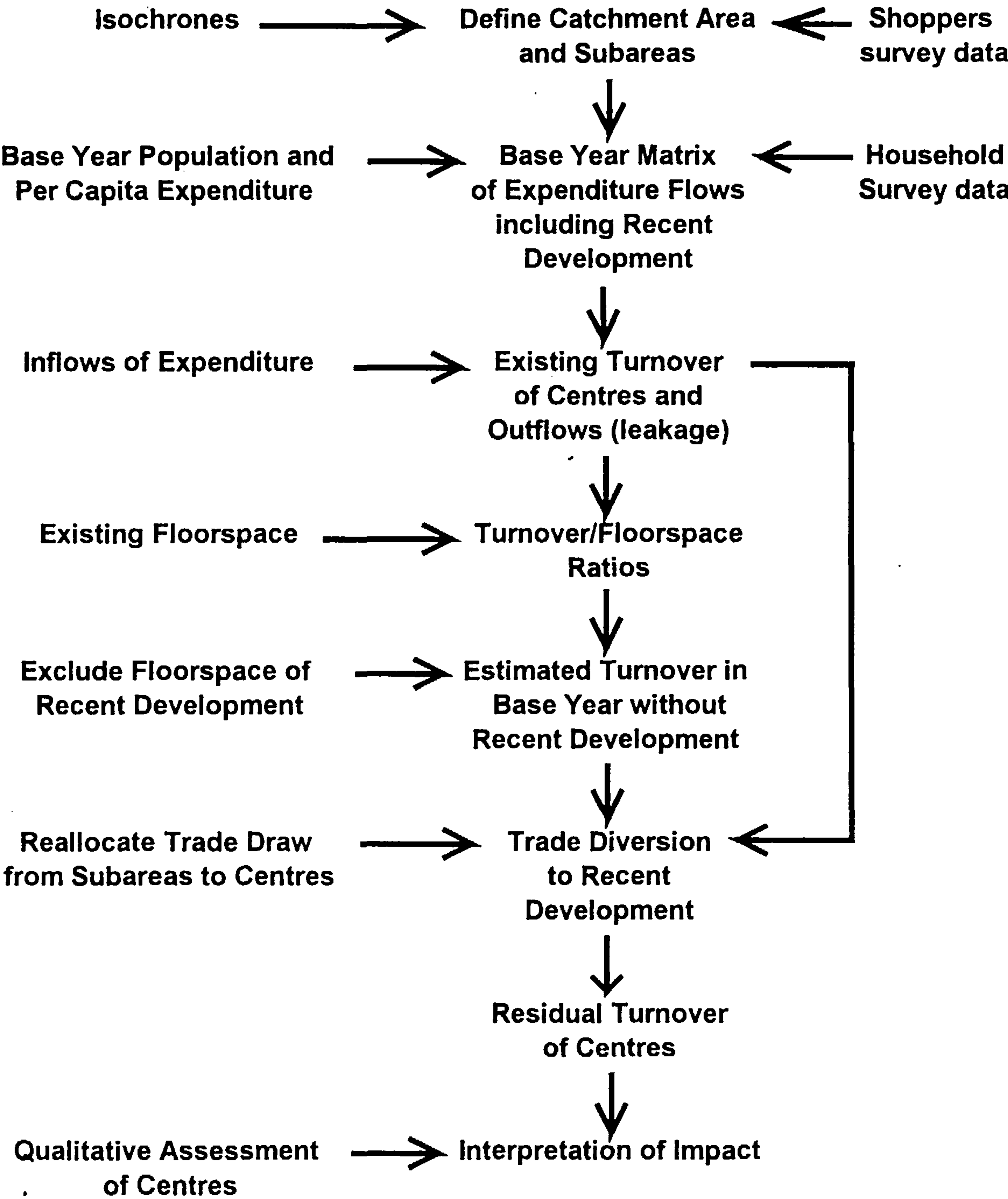
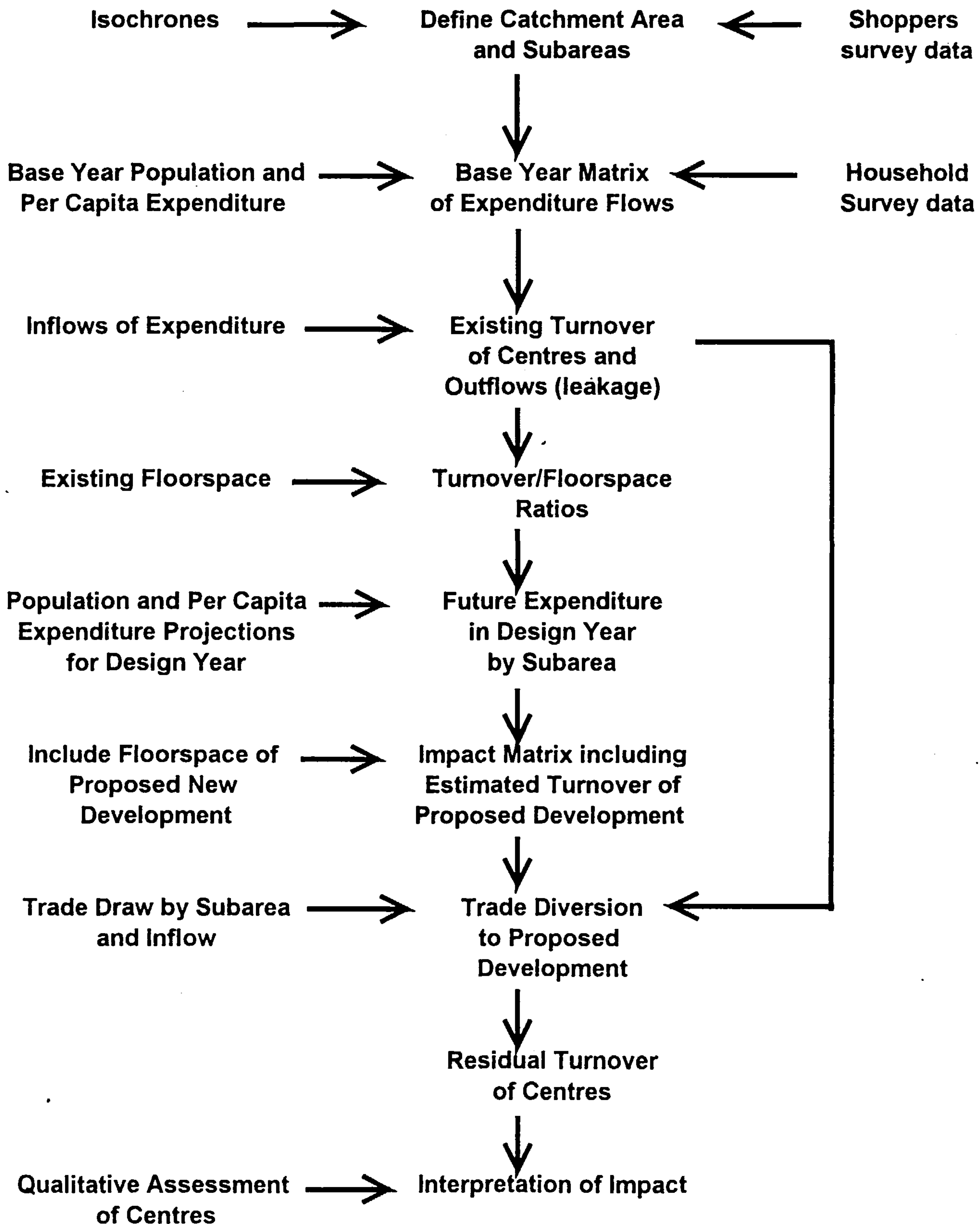


FIGURE 20

RETAIL IMPACT ASSESSMENT METHODOLOGY
(Proposed New Retail Development)



are included in the spreadsheet for trade diversion, percentage impact and residual turnover per sq. metre.

To test cumulative impact, the impact matrix is set up in the same way for the design year, and the estimated turnovers of the proposed developments are input to the matrix. If there are two proposals it is usual to reduce their turnovers by 15% because they will compete with each other as well as with existing centres, and if there are three proposals their turnovers should each be reduced by 25%, as noted in Chapter 4. The trade draws to each proposal are then calculated by subarea and the residual expenditure from each subarea re-distributed to existing centres. Finally the predicted and existing turnovers are compared to assess trade diversion.

In Figure 21 a simplified illustration is given of the application of the impact assessment framework using a hypothetical catchment area which has 3 subareas and 4 main centres with other smaller centres added together. In reality an impact study would probably use 5 or 6 subareas and perhaps as many as 8-10 main centres. The illustration is based on the impact of a superstore development, but it doesn't matter whether the data shown represent convenience or comparison expenditure; the principles are the same for both. In the first part of the table base year expenditure flows are shown between subareas and centres, and in the second part of the table expenditure is projected for the design year and the impact of a proposed development is tested. The range of predicted trade diversion is shown.

A number of significant features are evident in Figure 21 which are relevant to any quantitative assessment. In this example the scenario is a proposed superstore development of 4,000 sq. metres and an estimated turnover of £20 million. Centre A is a town centre with a strong convenience shopping role; Centre B is an existing out-of-centre superstore; and Centres C and D are smaller district centres. There is a small amount of leakage out of the catchment area, and a slightly larger inflow to the town centre and the superstore. No increase in total convenience expenditure is projected in the design year but there are changes in expenditure in each subarea because of population changes and a small amount of growth in convenience expenditure. The proposed development is introduced into the design year matrix.

FIGURE 21

[illegible]

Of its total £20 million turnover, £2 million is assumed to be a clawback of spending which is lost as leakage at present. Therefore total leakage is reduced in the design year. The remaining £18 million of trade is diverted from existing centres. The prediction is that the superstore B would have the highest trade diversion of 23% and the town centre A would have a trade diversion of 13%. The impact on the other centres would be lower. Different assumptions could easily be tested e.g. on the turnover of the store, its trade draw from each subarea, and the amount of clawback.

This framework is a marked improvement on the conventional step-by-step methodology of RIA described in Chapter 4 for the following reasons:

- the data inputs and assumptions shown in the flow diagrams are made explicit; there is no ambiguity about sources of data or projections
- the use of household survey data to estimate market shares is much more accurate than other methods of estimating turnovers
- the approach is not just concerned with knowing total expenditure in a subarea (or isochrone) and total turnover of centres; the emphasis is on expenditure flows which are a close approximation to reality
- all expenditure is allocated in the retail sector, and the expenditure flows reflect shopping patterns for all centres in the catchment area
- leakage and inflows of expenditure are specifically included, and
- in assessing impact the framework replicates how shoppers themselves decide where to shop and how they will change their shopping patterns if a new store is developed.

It should be stressed that the framework is not a shopping model. It does not rely on gravitation principles to allocate retail expenditure between zones or subareas and shopping centres. The allocation is based on observed shopping behaviour. Like a shopping model, the approach uses computer analysis but the methodology is not complex. The use of a computer spreadsheet for the distribution of expenditure is extremely helpful and it also allows changes in inputs to be made very easily. In assessing the impact of proposals, different assumptions about turnover and trade draw can be made and the sensitivity of assumptions e.g. on expenditure growth can be tested.

The final stage of the framework approach is the interpretation of impact. This must take into account the implications of trade diversion in the light of the qualitative

appraisal of town centres outlined in Section 11.3 and the significance of impact in the context of the vitality and viability index of particular centres illustrated in Section 11.4. This will enable a thorough analysis to be made of quantitative impact and its significance. It is then necessary to make a final judgement about the impact of a proposed development by looking at other qualitative factors (the impacts on the vitality and viability of centres listed in paragraph 4.3 of PPG6) and the 'sustainability' tests in PPG6 which are those concerned with accessibility and the impact on travel and car use. The full recommended approach to best practice in RIA is shown diagrammatically in Figure 22.

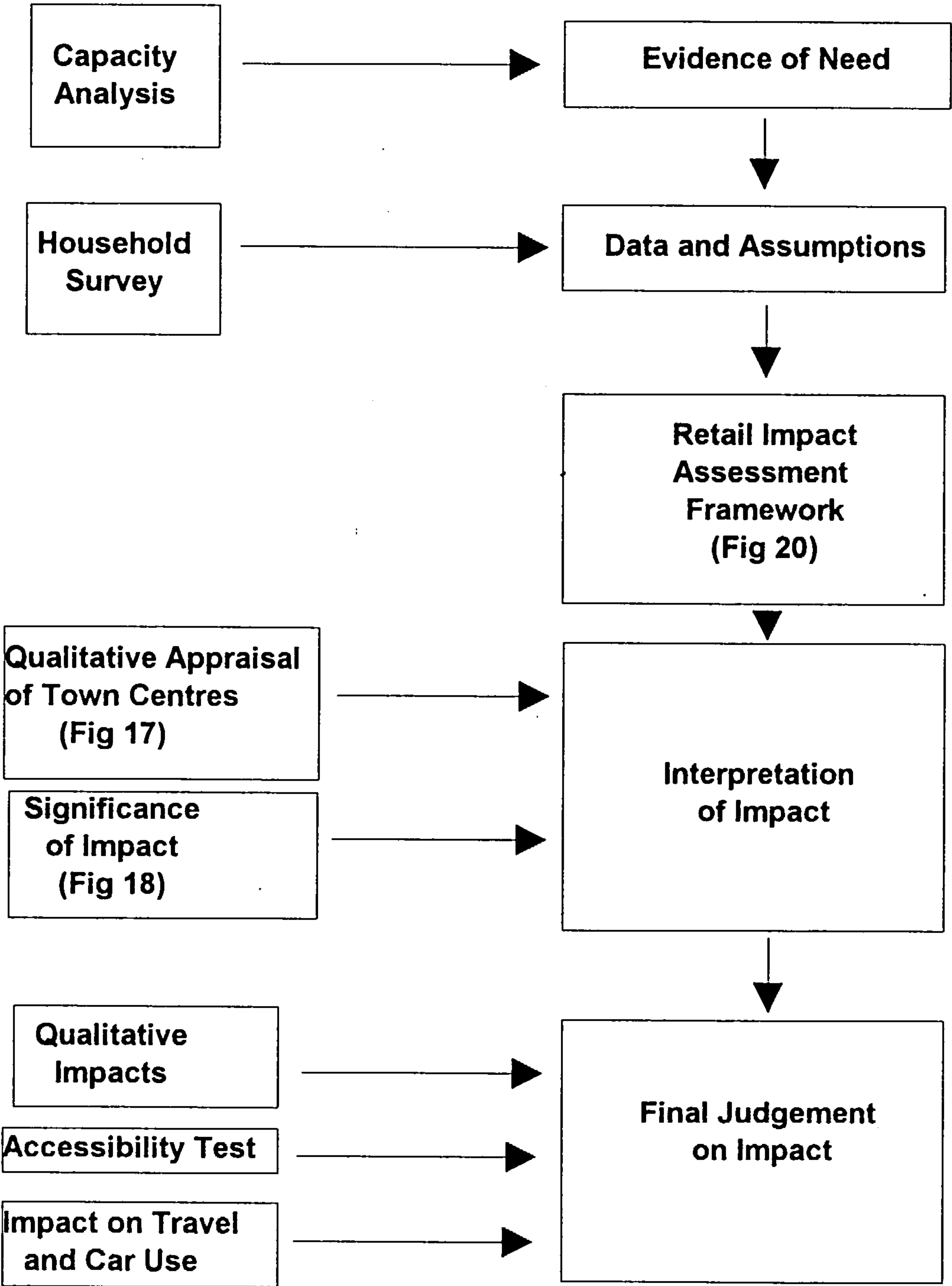
This approach satisfies the need for improvements in RIA methodology, which have been identified in this thesis. It also meets the policy requirements of PPG6 in terms of taking a broad approach, a long term view, and facilitating agreement on assumptions between the parties at Inquiries. PPG6 could have been more explicit about the practical application of RIA, rather than just setting out general principles. The best practice advice in this chapter is intended to fill this gap. The framework approach has been tested in practice and shown to be a reliable method of predicting the impact of new retail developments. This approach, combined with qualitative inputs and the other tests embodied in PPG6, is highly recommended as a positive step forward in making informed decisions on proposals for new retail developments. The approach is robust enough to cope with any changes in policy guidance in the future, because it has a clearly defined structure which enables conclusions to be drawn from the analysis. The framework offers the same advantages as the principles that apply to environmental assessments and, like EA methodology, it should result in greater objectivity in RIA.

11.6 Summary

There is a clear need for advice on best practice on the application of RIA in Britain. Evidence of the need for improvement is shown by criticisms by local authorities of retail impact studies, the recommendations of the Environment Committee, comments by practitioners in the field, the sceptical attitude of Planning

FIGURE 22

RETAIL IMPACT ASSESSMENT:
THE RECOMMENDED APPROACH



Inspectors, and the findings of the case studies in this thesis. Approaches to RIA have not kept pace with changes in the policy context in the last decade, and there needs to be a much more pragmatic approach to retail impact issues.

PPG6 sets out the key tests for assessing retail developments - the 'impact test', and the 'sustainability tests' on accessibility and travel/car use. The guidance also advocates a sequential approach to site selection and requires an assessment of need or capacity for retail development. PPG6 places an emphasis on qualitative as well as quantitative factors in assessing impact on the vitality and viability of centres.

Although a 'standard' methodology may not be appropriate, there is a need for a methodological framework for RIA which is independent and objective. Important decisions need to be made about data and assumptions. Particularly important is the use of household surveys to provide accurate data on existing shopping patterns. Household surveys also enable turnover to be estimated based on market shares rather than making estimates of turnover per sq. metre. In most situations it is advisable to define retail expenditure and turnover on a goods-basis. In estimating trading impact it is necessary to consider percentage trade diversion from centres and the residual turnover of centres. The sensitivity of assumptions must be tested, especially on future expenditure and the predicted turnover of a proposed development.

It is no longer adequate to assess retail impact simply in quantitative terms. PPG6 lists qualitative factors which must be considered. It also recommends indicators to be used for assessing the health of town centres. As part of the best practice guide in this chapter a health check appraisal framework is presented, based on scoring a series of indicators and factors of vitality and viability. It is a systematic appraisal method which enables a vitality and viability index to be calculated for individual centres. Town centre appraisals should be used in all retail impact studies.

The interpretation of retail impact should take account of the significance of impact on a particular centre. A model of significance is put forward as a guide to judging the predicted level of impact against the vitality and viability index for a centre.

A framework is also recommended for RIA using a pragmatic approach based on expenditure flows. A base year expenditure flow matrix should be set up as a computer spreadsheet, representing flows of expenditure from subareas to shopping centres. To predict retail impact, expenditure is projected for the design year and an impact matrix devised which assesses the effect of a proposed development on shopping patterns. It can also test cumulative impact.

The final judgement of the framework approach is the interpretation of impact, which takes into account the implications of trade diversion in the light of the qualitative factors in PPG6. This approach is a positive step forward in making informed decisions on proposals for new retail developments. This chapter is further confirmation that the application of RIA must respond to the policy context in which it is applied and that best practice can be recommended which would bring about a marked improvement in the use of RIA in Britain.

12. CONCLUSIONS

12.1 Summary of Main Findings

The methodology of retail impact assessment (RIA) has evolved over the last 30 years. At the same time there have been new directions in planning theory which have in turn influenced planning policy. This thesis is a critical examination of the methodology of RIA and its application in the planning process. The central hypothesis of this research stated in Section 1.2 is that the “developments which have taken place in RIA methodology have tended to follow changes in the policy context in which planning is carried out in Britain, and the application of RIA needs to respond further to the policy climate underlying urban planning in the 1990s”.

The major concern is with predictive impact assessments of proposed retail developments, and the application of such assessments in deciding planning applications and appeals. Impact assessment must be set within a policy framework and therefore it is important to consider how the impact of proposed retail developments should be assessed in that policy context. Impact factors are crucial in decisions on proposed developments, particularly under the policy requirements of PPG6.

Interest in the impact of new and proposed retail developments increased in Britain in the 1980s and into the 1990s because of growing concerns about the effects of large new developments on existing centres. There has been a revolution in the development of superstores and other forms of out-of-centre development - retail warehouses, regional shopping centres and factory outlet centres. The 1980s was a time of rapid retail growth and a relaxation of Government policy constraints on retail development. From the mid-1980s Government policy began to recognise the effects of out-of-centre development on established centres and PPG6 was introduced in response to growing concern about the implications for the vitality and viability of centres.

The research shows that there is no generally accepted methodology for RIA although there are similarities in approaches used by practitioners in the field. In assessing quantitative impact, the use of shopping models has diminished since the 1970s, to be replaced by mostly manual, step-by-step approaches to carrying out predictive impact assessments. More recently there has been a shift from a purely quantitative approach to a more qualitative assessment including the sequential consideration of locations for proposed new developments, and PPG6 now makes it necessary to consider accessibility and transport factors in addition to the 'impact test'.

The policy context for retail planning reflects the changes in the theoretical basis for planning since the 1960s. In the 1970s procedural planning theory and the systems approach formed the basis for rational planning and the development of shopping models. Other theoretical perspectives rooted in neo-Marxism and free market ideology in the 1980s were replaced in the 1990s by approaches more relevant to policy in practice. Planning policy towards retailing has been determined by political and economic changes since the 1970s. In the 1990s planning has become more pragmatic and policy-orientated and RIA has developed in response to changes in the policy context. After the laissez-faire policy of the 1980s, economic recession and a widespread reaction against the effects of decentralisation of retailing led to new controls over retail development outside town centres. The latest version of PPG6 seeks to sustain and enhance the vitality and viability of town centres and restrict out-of-centre development, and to reduce the use of the car for shopping trips.

A comprehensive postal questionnaire survey was undertaken of a representative sample of 165 local authorities (LAs) in Great Britain. It shows that among LAs there is firm support for town centres and policy controls on major or large-scale retail development. Most LAs now have a requirement for applicants to submit RIAs as part of planning applications, and about half of those surveyed commission independent audits of RIAs submitted by applicants. Most LAs recognised that there is room for improvement in the quality of retail impact studies, in particular a need

for better and more up-to-date retail statistics at the local level and for RIAs to be more independent/objective/impartial.

There are some key issues facing the planning system in Britain in keeping pace with trends in retailing, in trying to reverse the decline of some town centres, and in meeting the aims of the Government's sustainable development strategy. Decentralisation of retailing has led to a decline in the role of town centres. The new PPG6 advocates a plan-led approach towards future retail development and a sequential approach to selecting sites for development. It also urges the preparation of town centre management strategies and many local authorities have introduced town centre management initiatives in the 1990s.

Although most proposals for major retail development in Britain are decided by local authorities, a significant proportion are appeal/call-in decisions made by Planning Inspectors (or Reporters in Scotland). There is no formal guidance to Inspectors on assessing retail impact, and no standards or criteria by which to judge the significance of retail impact. A detailed analysis of planning appeal decisions in Great Britain between 1983 and 1996 shows that there is a higher rate of success on appeal for non-food developments than foodstores, but the proportion of appeals dismissed has increased since PPG6 was first revised in 1993. Evidence of the lack of impact has been predominant in decisions to allow appeals, and impact is also the most important factor in appeals dismissed. It is clear that appeal decisions on major retail development are still based to a large extent on impact issues but the interpretation of impact has become a much more important factor, rather than just estimates of trade diversion.

Evidence from the rapid spread of superstores in Britain in the 1970s and 1980s is that they have generally not had a significant impact on nearby shopping centres. However, since 1983 about half of all appeals for foodstore developments have been dismissed and since 1993 the proportion of foodstore appeals dismissed has increased to 55%. Discount foodstores are taking an increasing share of the grocery market and they can have a significant impact on the vitality and viability of smaller centres. Retail warehouses selling bulky non-food goods and retail parks can have

an adverse effect on comparison shopping in town centres. Qualitative rather than quantitative factors are usually more important in judging their impact on the vitality and viability of town centres. The impact of out-of-town regional shopping centres in Britain has been variable but it is clear that nearby town and city centres can suffer serious levels of retail impact. So far there is little evidence of the impact of factory outlet centres in Britain but, like retail parks, qualitative factors are important in assessing their impact, especially the PPG6 tests on accessibility and travel patterns.

International comparisons are relevant to an understanding of new retail development in Britain. Planned shopping centres in North America and Europe have had a very significant effect on patterns of shopping. The pattern of development and the planning response to the pressures for development have been very different in Europe and North America to that in Britain. Evidence of the impact of out-of-centre retail developments is very clear in the USA and to a lesser extent in Canada, but the impacts have generally been less significant in Europe. Europe has adopted increasingly strict planning powers to control new retail development, notably in France and Germany. In the USA the public policy response to commercial pressures for retail development has been minimal, but there has been more effort to control new development in Canada. There have been no well-developed approaches to assessing retail impact in North America or Europe which might assist the application of RIA in Britain.

Three case studies have been carried out focusing on the key policy and technical issues concerning retail impact in PPG6. They examine:

- the significance of retail impact
- the validity of the 'linked trips argument', and
- how to minimise the impact of new forms of non-food retailing

Case Study 1 shows that impact is more significant on centres with a low level of vitality and viability than on centres with a high level of vitality and viability. The stronger a centre is, the greater is its ability to withstand the impact of a new development. Case Study 2 shows that shoppers who are on main food shopping trips generally do not do comparison goods shopping at the same time. The

emphasis in PPG6 on edge-of-centre locations for new foodstores to encourage linked trips to town centres is not borne out by the available evidence. Case Study 3 shows how the impact of retail parks and factory outlet centres on town centres can be minimised by the use of planning conditions and S106 Agreements to control the type of goods sold and/or the size of retail units. The implications of these findings are considered in Section 12.4.

The case studies, together with the local authority survey and other evidence from the research demonstrate the need for improvements in the practical application of RIA. Approaches to RIA have not kept pace with changes in the policy context in Britain in the last decade and there needs to be a much more pragmatic approach to retail impact studies. Although a 'standard' methodology may not be appropriate, there is a need for a methodological framework which is independent and objective. Advice on best practice is that important decisions need to be made about data and assumptions; particularly important is the use of household surveys to understand existing shopping patterns and as a basis for estimates of turnover. The sensitivity of assumptions must also be tested.

It is no longer adequate to assess retail impact simply in quantitative terms. A health check appraisal for town centres is recommended which enable a vitality and viability index to be produced for a particular centre. Town centre appraisals should be used in all retail impact studies. A framework for quantitative impact assessment has been devised based on an expenditure flow matrix. The interpretation of retail impact should take account of the significance of impact on a particular centre. A model of significance is put forward as a guide to judging the predicted level of impact against the vitality and viability index for a centre. Impact must also be interpreted in the light of the qualitative factors in PPG6.

The conclusions in this chapter are presented in the form of a series of questions which represent the key points to be answered from the research. Conclusions are drawn from a range of different research methods and perspectives that are relevant to each particular issue, and this is followed by an overall conclusion bringing

together the various strands of the research. The questions to be answered are considered under the following headings:

- approaches to retail impact assessment
- relationship between impact and policy
- implications of current policy on retail planning
- need for advice on best practice, and
- other lessons to be learned.

12.2 Approaches to Retail Impact Assessment

How far have approaches to RIA developed since the 1970s?

RIA has advanced significantly since the 1970s but the methodology still has its deficiencies. Many people are still cynical about the way that RIA is used, particularly at public inquiries where debates on retail impact issues are often confusing and time-consuming. The approaches used are still largely quantitative and reflect what may have been good practice in the past but is certainly not best practice now in the light of PPG6, and the need to take a broader view of the effects of proposed shopping developments.

The evolution of RIA moved from the use of shopping models until the 1970s to the development of the step-by-step approach, which remains the most commonly used method of predicting trade diversion. The use of models has almost ceased as problems of data inputs and calibration became insurmountable, and as confidence in their results declined. The methodology of spatial interaction was found to be too simplistic for the practical requirements of testing proposals for retail development in complex urban situations. The step-by-step approach is more readily understood and can be applied without the need for specialist computer software. Consultants and researchers have attempted to refine the approach but problems of data and assumptions about the key variables limit the reliability of the methodology of quantitative impact assessment. Minor variations in the assumptions can produce wide disparities in the analysis of impact. Quantitative assessment must be combined with a high degree of professional judgement so that decision-makers can have confidence in the accuracy of the results.

The survey of local authorities shows that the overall quality of RIAs needs to be improved in a number of ways:

- by overcoming the lack of retail statistics at the local level, particularly on turnover
- by undertaking surveys of local shopping patterns and catchment areas
- by making retail impact studies more objective, independent and impartial to remove the possibility of bias in favour of the development
- by using a standard and more consistent methodology with a range of scenarios and assumptions
- more co-operation between the applicant and the local authority, and
- more emphasis on vitality and viability indicators.

These areas for improvement are examined in detail in this thesis. The advice on best practice highlights three ways in which the conventional methodology can be improved. The first is the use of household surveys to increase the accuracy of information about existing shopping patterns and turnover. The second is the emphasis on the qualitative appraisal of town centres using indicators of vitality and viability. The third area is more difficult and requires a fundamental change in Government attitudes towards retail impact assessment. The need for greater objectivity in the application of RIA is generally accepted and the most effective way to ensure greater objectivity would be for the Government to make it a statutory requirement for RIAs to be carried out using well defined guidelines that lay down criteria for assessing impact. The approach could follow the model of the environmental impact assessment regulations and guidance which are designed to ensure that assessments are truly independent and carried out to a high professional standard. The conclusions of this thesis may ultimately help towards the achievement of greater objectivity in the application of RIA.

Is it correct to concentrate on economic impact?

The emphasis in this thesis has quite deliberately been on economic impact. The view is taken that it is still appropriate to concentrate mainly on economic impact issues in RIA. Retailing is an economic activity and the need is to assess impact principally in terms of the vitality and viability of shopping centres and the effects of changes in shopping patterns on the trading position of centres. PPG6 advice has broadened the range of factors to be considered but it makes no reference to jobs or social impact. In assessing economic impact there is no evidence that employment is

an important factor. New retail developments can result in significant job creation, and the effects of new developments can be manifest in job losses from closures of existing shops, but these factors have not been evident to any large extent in decisions on planning appeals. Similarly, current Government guidance is not concerned with issues of social impact.

However, there is an increasing concern with environmental impact in terms of the sustainability of retail development. PPG6 is a direct response to the commitment of the Government to sustainable development. The environmental principles of PPG6 and PPG13 are transport-based in seeking to reduce the use of the car for shopping trips and ensuring that new retail developments are in locations that can be served by public transport as well as by car. The objectives of sustainability cannot be disputed but there must be doubts about how effective the policy will be in controlling future retail development. In an age of increasing car ownership, how can retailers ignore the preference of the vast majority of car-owning shoppers to use their cars for shopping trips, and how can shoppers be persuaded to leave their car at home and use public transport? Unless major progress is made towards improvements in public transport, there are no real prospects of a major change in consumer behaviour in the foreseeable future.

The approach to best practice recommended in this thesis is that the application of RIA should focus on economic impact through an improved methodology for quantitative impact assessment, but that this should be combined with a thorough qualitative assessment of the effects of a proposed development which includes environmental impacts prescribed in PPG6, including the 'sustainability tests' of accessibility by a choice of means of transport and impact on overall travel and car use.

What is a 'significant' retail impact?

Many factors influence whether a new retail development will have a significant impact, such as the size and type of development and the strengths and weaknesses of the centres affected. Most importantly, the predicted level of impact must be

interpreted in the light of the vitality and viability of particular centres. Deciding what is a significant level of impact is very difficult. Trade diversions of less than 10% have been considered unacceptable by local authorities and Inspectors in some situations and impacts of more than 20% have been regarded as acceptable in other cases. Relatively low trade diversions can be considered significant if they would harm the vitality and viability of particular centres. Cumulative impact has become a key factor in decisions on large-scale food and non-food developments. The effects of trade diversion are not always clear. It does not follow that a reduction in trade necessarily results in a loss of profit. Shops can adapt by economising, by becoming more efficient or by seeking rent and rates reductions.

The Reporter in the Inquiry into the proposed Braehead regional shopping centre in Strathclyde (November 1989) said:

“Impact levels of under 10% are unlikely to result in the vitality and viability of a centre being adversely affected to a significant extent. Where the 10% threshold is exceeded, various factors have to be considered to assess the significance of the predicted diversion. Levels in excess of 10% do not necessarily mean that vitality and viability will be affected, but suggest that the implications should be considered including the cumulative effect of competing proposals and the particular characteristics of the affected centre.”

There is a growing body of evidence about the effects of out-of-centre retail developments in Britain. Most of the evidence relates to food superstores, but there is now a substantial amount of evidence about the impact of retail warehouses/parks and out-of-town regional shopping centres. For superstores 10% used to be the rule of thumb for significance but in the 1990s this level has tended to rise to 15%. In some cases much lower levels of trade diversion have been considered significant when there are concerns about the vitality and viability of existing centres. Proposals for discount foodstores have generally been more acceptable to local authorities than those for larger superstores, but their ability to compete with supermarkets and other foodstores can raise issues of trading impact in certain situations. PPG6 recognises that they can sometimes have a significant impact on town centre retailing. Their impacts are individually relatively small (below 10%) but they can have a cumulative impact when considered with other recent and proposed foodstore developments.

Retail warehouses and parks have tended in the past to sell bulky goods which could not readily be accommodated in town centres but there is a trend towards the sale of comparison goods which poses more of a risk of loss of trade from town centres. The impact of large retail parks can be significant but decisions are usually made on qualitative rather than quantitative factors, e.g. reducing the prospects for future investment in town centres. Out-of-town regional shopping centres can have a significant impact on nearby town and city centres, as the evidence of Meadowhall and Merry Hill shows. PPG6 recognises the serious implications of allowing any further major centres of this type and, although several schemes are still in the pipeline, the policy on future proposals is very restrictive.

Factory outlet centres can also divert trade in comparison goods from existing town centres and, like regional shopping centres, they are often in conflict with the PPG6 'sustainability tests' if they are in out-of-town locations. Quantitative impacts are usually quite small but their qualitative effects on travel patterns may be much more significant. Warehouse clubs are still not common in Britain but they are treated as a retail use and their impact on both food and non-food shopping may be significant in quantitative terms. The preference for out-of-centre locations also raises issues of accessibility and travel by car.

12.3 Relationship between Impact and Policy

How has the policy context for retail planning changed since the 1960s?

Retail planning policy has evolved in parallel with the development of planning theory over the past 30 years. The policy context is closely inter-related with planning theory. From the traditional origins of physical planning up to the 1960s, the concept of rational planning to guide urban and regional change led to a systems approach and the rational decision model which dominated the planning process in the 1970s. In the 1980s free-market ideology became prominent, influencing Government policy on planning, leading to deregulation of retailing and a laissez-faire attitude to development. By the late 1980s, however, a more pragmatic approach was being adopted and it was accepted that it was legitimate for

Government to control the retail market through the planning process. Issues of retail impact imply a degree of Government intervention over the operation of the retail market. In the 1990s planning has taken a more pragmatic approach, and Government policy seeks to regulate the location of new retail development. It restrains free-market forces and introduces environmental as well as economic factors into decisions on major retail development.

The relationship between the development of planning theory, retail planning policy and retail impact assessment can be illustrated below.

	1960s	1970s	1980s	1990s
Planning Theory	Planning as Physical Development	Rational Planning Model	Neo-Marxism and Free Market Ideology	Pragmatism
Retail Planning Policy	Hierarchy of shopping centres	First efforts to control the development of large new stores	Laissez-faire policy	Emphasis on vitality and viability of town centres
Retail Impact Assessment	Shopping Models	Post-hoc studies	Predictive assessments	Pragmatic approaches

Several versions of PPG6 have shifted the emphasis towards a more balanced policy on retail development with a recognition of the need to support town centres and a plan-led approach to the location of new development. Sustainability factors have also become much more significant. Policy and practice in Scotland are now generally consistent with the guidance in England and Wales. The plan-led approach has been established as a policy mechanism in planning legislation and PPG6. The sequential approach has also become an important consideration by Inspectors in assessing proposals for retail development, although it is still new and open to interpretation.

Through successive revisions of PPG6, Government policy on retailing now seeks to judge the effects of new retail development on the vitality and viability of shopping centres. Vitality and viability is seen as a reflection of the health of town centres. A health check approach to assessing vitality and viability is recommended in PPG6, using qualitative indicators to make judgements about vitality and viability. Although a range of indicators is suggested, there are conflicting views of the relative importance of different indicators. Commercial indicators such as yield are particularly difficult to interpret and their practical value is questionable. The best practice advice in this thesis is to use an appraisal framework which enables a vitality and viability index to be calculated from a wide range of indicators and factors. The index has been shown to be an accurate and useful method of making a qualitative assessment of town centres, and making comparisons between centres.

Changes in retailing have occurred faster than the planning system is able to respond. How can the planning system keep pace with trends in retailing? The Government's response to decentralisation of retailing in the form of superstores, retail parks, regional shopping centres and, most recently, factory outlet centres, was initially to safeguard town centres. The Government recognised that some town centres were in decline, partly due to the effects of out-of-centre retailing but also because town centres have failed to maintain their attraction to shoppers. Policy now aims to promote, rather than just protect, the vitality and viability of centres. Town centre regeneration is a challenge to both the public and private sectors to reverse the decline of centres. The local authority survey shows that significant efforts are being made, particularly through environmental improvements, enhancement of shopping facilities, pedestrianisation, traffic management and other initiatives.

Making town centres more attractive to shoppers needs to take account of consumer demand. Out-of-centre developments are popular with shoppers, and shoppers will visit the centres that they like the best. Therefore town centres must meet consumer demand in competing with new forms of retailing. It is generally accepted that the balance in shopping policy had shifted too far from town centres to out-of-centre

facilities before the latest revision of PPG. This balance needs to be restored through positive action on promotion and investment in town centre facilities.

How has RIA developed in response to these policy changes?

RIA developed out of the new ideas of procedural planning theory and social engineering in the 1960s, but approaches to RIA have become less theoretical and more pragmatic in response to the requirements of the planning system. Approaches to the analysis of shopping behaviour developed from central place theory and from spatial interaction theory which formed the basis for shopping models. Implicit in these normative spatial models is the concept of a hierarchy of shopping centres. But the decentralisation of retailing in the form of out-of-centre developments now weakens the validity of the classical theories of retail location. The hierarchical structure of shopping centres is still recognised in PPG6 but it is no longer such an important principle of retail policy. More important is the need to sustain and enhance the role of all types of centre.

Impact assessment was broadened by the 1993 version of PPG6 and the emphasis has changed again in the June 1996 revision. The key advice now is the 'impact test' combined with qualitative assessments of town centres and other factors based on the sustainability of development. The requirement for quantitative assessment remains but there is much more emphasis on qualitative assessment. The latest guidance is still relatively new, and there has been little time for practitioners to tailor their approaches to the new requirements. It is clear, however, that even in the early 1990s RIA was still being seen as a largely quantitative process. The criticisms of local authorities about retail impact studies revealed by the survey in this research show that from the local authority viewpoint the overall quality of RIAs needs to be improved. This is backed up by the views of Planning Inspectors. Approaches to RIA have not kept pace with changes in the policy context in recent years and conclusions are drawn in Section 12.5 about how the application of RIA could be improved to make it more consistent with the new policy guidance.

Is RIA still relevant in the current policy context?

A major conclusion of the research is that RIA, despite its shortcomings, is still relevant because it is the means of implementing policy guidance. This conclusion can be illustrated by reference to superstores. There was a rapid growth of superstores in the 1980s and early 1990s. Superstores, particularly the largest national operators, increased their share of the grocery market at the expense of smaller supermarkets and independent food shops. There is now evidence that the grocery market is becoming saturated, and there is very little growth in the total size of the market, so that any new development competes with and takes trade from existing stores and centres. Pressure for superstores has continued despite strong competition in the market and the tightening of policy restrictions. The planning system needs to be able to judge the merits of new superstore proposals. The quantitative and qualitative effects of these proposals on existing centres are essential factors in making planning decisions. The same applies to other types of retail development which can have potentially harmful effects on existing centres.

RIA, then, is the basis for assessing the potential impacts of proposed developments and the requirement to assess impact remains in the current policy guidance. The need to assess impact is perhaps most evident in planning appeals. Local authorities believe that too many out-of-centre developments have been allowed on appeal, particularly during the 1980s, and a large number of proposals are still decided by Inspectors through appeals or call-ins. The most important factor in appeals decided in Great Britain since 1983 has consistently been evidence of the lack of impact on nearby centres, although impact as a factor has tended to decrease in importance since PPG6 was revised in 1993. Impact has also been the most important reason for dismissals. It is crucial, therefore, that decisions are soundly-based on good planning evidence of which retail impact is still the paramount factor. RIA must be able to provide the basis for good advice on retail impact issues.

12.4 Implications of Current Policy on Retail Planning

What is the theoretical basis for current Government policy on retail planning?

Retail development is demand-led and it requires the planning system to control the location of new development. PPG6 is of fundamental importance in the control process because it lays down advice on the formulation of shopping policy in development plans and it gives guidance on how to assess proposals for retail development. The latest guidance is a marked shift from the policy of the 1980s which allowed considerable freedom in the location of new development and which resulted in the rapid spread of out-of-centre superstores, retail parks and regional shopping centres. Government policy still recognises the theoretical basis of a hierarchy of centres but the concept has been eroded by the decentralisation of retailing. The major change of emphasis in policy has been towards the positive support for town centres which represents a recognition of the need to reverse the decline of town centres.

The most significant theoretical change, however, is the shift towards sustainable development. The 1990s is becoming the decade of sustainable development and the planning system has a central role to play in implementing policy on sustainability. The environmental principles underlying sustainable development have been embodied in Government policy but the practical application of the concept in the planning system is more problematic. In the retailing context, Government policy seeks to achieve sustainability through locating new development where it is accessible by a choice of means of transport and by reducing travel demand. Emphasis is already being placed by Inspectors on the PPG6 'sustainability tests'. A proposal may satisfy the 'impact test' but fail on the grounds of accessibility or level of car usage. The objectives of sustainability are sound but the problem is that at present, for most shoppers, public transport is not an acceptable alternative to the car. Pressure for further out-of-centre development seems likely to continue, but with developers and retailers looking for ways to make their proposals more acceptable in meeting the sustainability criteria. There is also a considerable amount

of out-of-centre retail development in the pipeline from past planning consents which have not yet been implemented.

Sustainability objectives imply a different perspective on future retail development. To take a strategic view it is necessary to look beyond the development plan ten year timescale to predict what the future pattern of shopping might be. To what extent, for instance, will town centres be able to maintain or strengthen their role for major shopping? Will any further regional shopping centres be needed and how will they affect shopping patterns? Will it be possible to encourage shoppers to use public transport rather than cars? What will be the implications of emerging trends in teleshopping? These questions really mean that there needs to be much more stability and consistency in Government policy towards retailing than has been the case in the last decade. The indications are that the post-May 1997 Labour Government is committed to continuing the main thrust of policy on town centres and resistance to out-of-centre development and so there is likely to be a stable shopping strategy for the foreseeable future.

How does the current policy background affect proposals for new retail development?

PPG6 establishes the key tests for assessing the impact of a proposed retail development. The policy guidance has been well received by local authorities but it remains to be seen how the development industry will respond to the more restrictive stance on the location of new development. The sequential approach is particularly demanding on developers and retailers because it requires greater flexibility in site requirements. The major food retailers tend to be the most rigid in site location and layout, and it may not be realistic to expect to find sites capable of accommodating new superstores or large supermarkets in or on the edge of town centres. A new concept of smaller foodstores may need to be found to meet the PPG6 site criteria, and avoid the prospect of many proposals for out-of-centre superstores being refused or dismissed on appeal because they fall foul of the key tests.

The case studies in this thesis reflect some of the most controversial issues that need to be faced in implementing PPG6. Their main conclusions are as follows:

- (1) It is essential to consider the strength of vitality and viability of a town centre in assessing its ability to withstand impact. Impact cannot be considered in isolation from a centre's vitality and viability. There is clearly a relationship between retail impact and the vitality and viability of centres and this is an important factor which should be given more prominence in approaches to RIA.
- (2) The sequential approach advocated in PPG6 favours the location of superstores on the edge of town centres to facilitate linked trips, but this thesis casts doubt on the validity of the 'linked trips argument'. The backing for linked trips appears to be a statement of policy intent rather than a factual statement that people actually do make linked trips.
- (3) It is desirable in planning terms to restrict the use of floorspace in out-of-centre retail developments where there are risks of harm to town centres. There can be significant impacts on town centres if unrestricted use of out-of-centre retail units is allowed to occur. Controls on the potential impact of out-of-centre retail warehouses and factory outlet centres can be implemented through the use of planning conditions and legal agreements (obligations).

The other area in which the new guidance has a fundamental bearing on future retail development is advice on development plans. Development plans must provide a clear policy base for new shopping development. Policies must be able to deal effectively with pressures for development and so they must be up-to-date. Local plans in particular must also contain an up-to-date analysis of need and the likely impact of any proposed site allocations for new retail development. The survey of local authorities shows that there is widespread support for the vitality and viability of town centres through development plan policies. Development plans have taken account of changes in Government policy guidance as they have been modified or reviewed, but in some cases policy lags behind Government guidance and needs to be revised further to make it consistent with the latest guidance, and it will take time for this to happen.

12.5 Need for Advice on Best Practice

Is Government guidance on RIA adequate?

Government guidance on retail planning and the assessment of retail impact is set out in PPG6. There is no other source of official advice on how impact should be assessed. The Environment Committee called for clearer and more detailed retail planning guidance for Inspectors and local authorities, in the form of a handbook, but this advice was not accepted by the Government. Instead, PPG6 gives only very general guidance on assessing retail impact. Impact issues often lead to conflicts between the parties at public inquiries over the factors involved in quantitative assessments. This situation is not helped by the paucity of official advice on how retail impact should be assessed.

PPG6 contains advice on a number of aspects of retail impact:

- (1) There is a requirement to assess future need or capacity for further retail development in an area as part of the sequential approach. Capacity analysis can be useful as a broad approach over a broad area, but it has some serious limitations. It is most useful for comparison goods where there is an anticipated growth of retail expenditure, but it is of more limited value as a basis for assessing future need for convenience shopping.
- (2) A broad approach is recommended to the assessment of impact. PPG6 implies that it is not necessary to undertake detailed quantitative analysis of the type which has led to criticisms of RIA in the past. However, a broad approach should not be interpreted as meaning a superficial approach. RIA methodology can be relatively simple and straightforward but it must be applied systematically.
- (3) A long-term view should be taken of retail impact. It used to be conventional to look ahead two years after the opening of a new development to assess its impact. But the latest guidance suggests that a longer term view is more appropriate because it can take several years for the effects on shopping patterns to become apparent.
- (4) The emphasis on the vitality and viability of town centres means that impact must be judged on the health of centres. PPG6 includes a range of indicators of

vitality and viability but there is no advice on how they should be used in practice. The best practice recommendations in this thesis show how it is possible to devise a vitality and viability index for a shopping centre which goes further than the PPG6 guidance.

- (5) The cumulative impact of retail developments needs to be assessed. Cumulative impact is particularly relevant to superstores but it can also be important in the case of discount foodstores and retail parks. The assessment of cumulative impact should include recent developments that have taken place in the previous two to three years, as well as proposed developments which have planning permission and must be regarded as commitments.

This is as far as the advice goes. It does not indicate what is best practice or give any advice on the technical issues involved in RIA. The current guidance in PPG6 is not adequate for practitioners in the field.

How should retail impact be assessed?

There are still inherent problems with the application of RIA in Britain. There is clearly a need for improvement in both quantitative and qualitative assessment. It is difficult to prescribe what is good or bad practice, but it is possible to recommend what is best practice in the light of the current policy context for retail planning. The thesis shows that there is no longer any confidence in the use of shopping models because of the problems of data inputs and calibration. But even with other approaches the credibility of the application of RIA depends very much on the quality of the data and assumptions used. The major criticism of lack of objectivity in retail impact studies can be overcome by carrying out independent audits or by adopting a systematic, independent approach of the type that is used in environmental impact assessments. Independent audits are strongly supported by local authorities but fully independent RIAs are a better long-term objective. A statutory requirement to undertake RIA using a widely accepted methodological framework would be a considerable step forward and the research recommends that such an approach should be considered by the Government as an element of future retail planning policy.

The advice on best practice makes a number of recommendations on the technical issues which are fundamental to the application of RIA:

- (1) The use of household surveys is recommended because it is the only way to obtain an accurate picture of existing shopping patterns.
- (2) The turnover of centres and large stores should be estimated by using market shares based on the household survey. The turnover of a proposed store is normally estimated using company average turnovers per sq. metre but these must be adjusted in the light of local market conditions.
- (3) A goods-basis should normally be used for retail expenditure and turnover, but in the case of superstores in large urban areas it can be acceptable to use a business-basis.
- (4) Trade draw to a proposed development should be estimated according to population distribution in the catchment area and the pattern of existing shopping provision. This is an area for agreement between the parties at a public inquiry.
- (5) In assessing trade diversion, the percentage impact on a centre should be not just pro rata to existing expenditure flows but it needs a judgemental approach taking account of the nature of competition in the local area (on the basis that retail developments tend to compete 'like with like').
- (6) Impact should be expressed in terms of residual turnover per sq. metre as well as percentage trade diversion, comparing the predicted turnovers of centres with the minimum levels that can be considered reasonable for different types of centre.
- (7) It is advisable to test the sensitivity of assumptions to build in an allowance for variations in assumptions and errors in forecasting. The main areas of sensitivity are in the future level of expenditure and the predicted turnover of a proposed development.

Best practice is recommended on the qualitative assessment of shopping centres using an appraisal framework based on a scoring system applied to a wide range of indicators and factors of the health of a centre. The average score represents the vitality and viability index for a particular centre. The appraisal framework has been thoroughly tested and has been used successfully in retail studies. It is a

subjective but systematic approach to assessing vitality and viability which allows comparisons between centres and monitoring of changes in the health of a centre.

There is still great uncertainty about the significance of a particular level of impact on a particular centre. Because there is a direct relationship between quantitative impact and the vitality and viability of a centre, the significance of a particular level of impact on a centre can be judged by a 'model of significance' of retail impact. The model is a graphical representation of the relationship between percentage impact and the vitality and viability index based on the town centre appraisal. It is a simple guide to interpreting the significance of a certain level of impact and it has considerable practical value in applying the 'impact test' in PPG6. However, further research is needed to refine the parameters of significance for different types of retail development.

A comprehensive framework for RIA has been developed and refined in the course of this research, over a large number of retail impact studies. It is a very pragmatic approach to describing the impact of a proposed retail development on shopping behaviour in the future, including trade diversion from existing centres. The framework deals with economic impact and involves constructing a matrix of expenditure flows for a retail sector in the base year. Expenditure from subareas is allocated between centres based on market shares derived from the household survey. The matrix forms the basis for predicting retail impact, either for a recent development or for a proposed new development. In the latter case, a design year matrix is set up, projecting expenditure forward over five years, introducing a proposed new store, and assessing its likely impact on expenditure flows. The design year matrix can also be used to assess cumulative impact. This framework is a marked improvement on the conventional step-by-step methodology of RIA. It is not a shopping model based on gravitational principles but an allocation of expenditure based on observed shopping behaviour.

The interpretation of retail impact must take into account the implications of trade diversion in the light of the qualitative appraisal of town centres. The final judgement about impact on a centre is made by examining the other qualitative

factors listed in PPG6, such as risk to the town centre strategy and effect on future investment in the town centre, and the 'sustainability tests' of accessibility by a choice of means of transport and impact on overall travel and car use.

12.6 Other Lessons to be learned

This thesis has highlighted the need for better retail statistics which are critical to the information base for retail planning. There is a serious lack of essential information, especially on turnover, since the demise of the Census of Distribution. The local authority survey shows clearly that the availability and quality of information used in RIAs is inadequate. However, local surveys of shopping patterns can help to fill the information gap.

The case studies have drawn out some important lessons for retail planning and these can usefully be reiterated at this point:

- PPG6 favours retail development on edge-of-centre sites to facilitate linked trips but there is little evidence of linkage in trips for bulk food shopping and town centre comparison goods shopping. The advice in PPG6 encouraging edge-of-centre development seems to be flawed for this reason.
- There is growing concern about the range of goods sold in retail parks, and pressure for relaxation of restrictions on the range of goods and subdivision of retail units. More widespread use of planning conditions and legal agreements can overcome much of the risk of harmful impact of out-of-centre non-food developments.

There are few examples of evidence on whether the effects of a new retail development that were predicted have actually happened in reality. The absence of 'before and after' studies contributes to the impression that new developments have not caused harm. But some retail developments that have been allowed have resulted in significant and undesirable impacts. Further research could show some valuable lessons to be applied in assessing future proposals.

The examination of international experience in the impact of new types of retail development shows that there are few lessons to be learned for the application of RIA in Britain. There is no clear 'preferred' approach to assessing retail impact in North America or Europe, and the methodology appears to be much less developed than in Britain. Decisions are based mostly on economic impact factors, as in Britain, but there is greater concern about social and environmental impacts. North America has a long history of out-of-town shopping centres, particularly planned shopping centres or malls. There is evidence of serious impact in the form of the decline of CBDs but in the USA, more so than in Canada, there is very little control of retail development. The rapid growth of hypermarkets in France has been controlled by legislation, which has recently been strengthened, and there are also strong controls in Germany, but the evidence of impact would suggest that these controls have not been effective enough.

12.7 Overall Conclusion

The main research hypothesis in this thesis is that the developments which have taken place in RIA methodology have tended to follow changes in the policy context in which planning is carried out in Britain, and that the application of RIA needs to respond further to the policy climate underlying urban planning in the 1990s. The conclusion is that this hypothesis has been proven. To that extent the purpose of the research has been achieved. The application of RIA must respond to the policy context in which it is applied and best practice can be recommended which would bring about a marked improvement in the use of RIA in Britain. Advice on best practice must be firmly rooted in policy and must help in implementing current planning policy guidance.

Some key questions have been answered by the research. RIA has advanced significantly since the 1970s but it still has deficiencies. It is still appropriate to concentrate on economic impact but improvements in the methodology have been suggested. The policy context for retail planning is now more balanced and practical than in the 1980s, and RIA has also become more pragmatic and more qualitative. RIA is still relevant because it is the means of implementing policy

guidance. The current policy background establishes key tests for the application of RIA. The significance of retail impact has to be judged in terms of the vitality and viability of centres.

Government guidance on RIA is inadequate. PPG6 could have been more explicit about the practical application of RIA, rather than just setting out general principles. The best practice guide in this thesis is intended to fill this gap. The framework approach recommended is an improvement on current practice which recognises that both quantitative and qualitative assessment are necessary, and that the deficiencies in past approaches to RIA can be overcome by a more practical methodology. It satisfies the need for improvements in RIA and it meets the policy requirements of PPG6. It has been tested in practice and shown to be a reliable method of predicting the impact of new retail developments. There now appears to be consistency and stability in national policy guidance but further shifts in policy may follow the change in Government in 1997. However, even if retail planning policy changes in the future, the framework approach is sufficiently robust to cope with any changes in the guidance. It takes account of the factors which will be relevant to decisions on new retail development in the foreseeable future - regarding need, the impact on the vitality and viability of town centres, and the qualitative issues raised in PPG6. It establishes a consistent approach which is readily understood and can be used for the benefit of local authorities and Planning Inspectors. The research shows that there can be confidence in the application of the recommended approach to all types of retail development. This approach is a positive step forward in making informed decisions on proposals for new retail development.

APPENDICES

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APPENDIX 1: BIBLIOGRAPHY

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APPENDIX 2: GLOSSARY

(from Planning Policy Guidance Note 6)

Terminology for retail development

New retail development takes different forms, each with its own operating characteristics, for example:-

Types of Shop: food stores:

* **Supermarkets** – Single level, self-service stores selling mainly food, with a trading floor-space less than 2,500 square metres, often with car parking;

* **Superstores** – Single-level, self-service stores selling mainly food, or food and non-food goods, usually with more than 2,500 square metres trading floorspace, with supporting car parking;

Types of Shop: comparison goods:

* **Town centre malls** – Purpose-built centres incorporating many individual shop units, usually concentrating on comparison goods, and sometimes leisure, residential and other uses;

* **Retail warehouses** – Large single-level stores specialising in the sale of household goods (such as carpets, furniture and electrical goods) and bulky DIY items, catering mainly for car-borne customers and often in out-of-centre locations;

* **Retail parks** – An agglomeration of at least 3 retail warehouses;

* **Warehouse clubs** – Out-of-centre businesses specialising in bulk sales of reduced priced goods in unsophisticated buildings with large car parks. The operator may limit access to businesses, organisations or classes of individual, and may agree to limit the number of lines sold;

* **Factory outlet centres** – groups of shops, usually away from the town centre, specialising in selling seconds and end-of-line goods at discounted prices;

Types of Centre

* **Local centre** – small grouping usually comprising a newsagent, a general grocery store, a sub-post office and occasionally a pharmacy, a hairdresser and other small shops of a local nature;

* **District shopping centres** – Groups of shops, separate from the town centre, usually containing at least one food supermarket or superstore, and non-retail services such as banks, building societies and restaurants;

* **Town centre:** in this guidance, the term “town centre” is used generally to cover city, town and traditional suburban centres, which provide a broad range of facilities and services and which fulfill a function as a focus for both the community and for public transport. It excludes small parades of shops of purely local significance. The policy guidance in this PPG should be interpreted in a way that relates reasonably to the particular size of town centre concerned.

In London and other large cities, outside the central area, the principal shopping centres usually perform the role of town centres and these are usually complemented by district centres (see above)

* **Regional shopping centres** – Out-of-town-centres generally over 50,000 square metres gross retail area, typically enclosing a wide range of comparison goods.

Types of location:

* **Edge-of-centre:** for shopping purposes, a location within easy walking distance (ie 200–300 metres) of the primary shopping area, often providing parking facilities that serve the centre as well as the store, thus enabling one trip to serve several purposes. For other uses, such as offices or leisure, edge-of-centre may be more extensive, based on how far people would be prepared to walk. For offices, this is likely to be in the region of 500 metres of the station or other public transport interchange.

* **Out-of-centre:** a location that is clearly separate from a town centre, but not necessarily outside the urban area.

* **Out-of-town:** An out-of-centre development on a green-field site, or on land not clearly within the current urban boundary.

* **Primary and secondary frontages:** See paragraph 6 of Annex B and paragraph 2 of Annex D.

Retailing is a dynamic industry, and new forms of retailing may rapidly evolve which are inadequately described by current conventional terminology.

APPENDIX 3:

LIST OF CONSULTANTS PROVIDING RETAIL IMPACT STUDIES

BDP Planning Ltd

Clive Brook Associates

Colin Buchanan and Partners

Chesterton Planning and Consulting

Development Planning Partnership

Donaldsons

Drivers Jonas

Erdman Lewis

Grimley JR Eve

Healey and Baker

GL Hearn and Partners

Hillier Parker

Montagu Evans

MVM Planning

Nathaniel Lichfield and Partners

Peacock and Smith

Robert Turley Associates

Roger Tym and Partners

APPENDIX 4: LOCAL AUTHORITY QUESTIONNAIRE

SURVEY OF LOCAL AUTHORITIES

Name of Local Authority

Name of Respondent

PART 1: FOR ALL LOCAL AUTHORITIES

1. What is the current status of your Structure Plan / UDP / Local Plan ?
(as applicable) *Please tick*

- Consultation Draft prepared
- Deposit Draft prepared
- Public Inquiry or EIP held
- Report by Inspector or Panel received
- Modifications being made
- Plan adopted

2. Does the Plan include a policy to support the vitality and viability of existing town / city centres?

Yes / No

Please state policy or enclose an extract from the Plan

3. Does the Plan include a policy on major or large-scale retail development outside shopping centres?

Yes / No

Please state policy or enclose an extract from the Plan

4. How does the Plan define 'major' or 'large-scale' retail development?

Please state definition or enclose an extract from the Plan

5. Do you have a requirement for applicants proposing major retail development to submit a retail impact assessment?

Yes / No

6. Do you find retail impact assessments useful in principle?

Yes / No

7. What is your opinion of retail impact statements submitted by applicants?

Please tick

- very good
- good
- average
- poor
- very poor

8. Please state any ways in which the assessment of retail impact of proposed developments could be improved.

PART 2: FOR DISTRICT COUNCILS ONLY

9. Do you commission independent audits of applicants' retail impact assessments from consultants?

Yes / No

10. Does the Local Plan / UDP allocate any sites for major or large-scale retail development outside shopping centres?

Yes / No

11. If Yes, how many sites?

.....

12. How many planning applications for major retail development in your District since July 1993 have been:

	Number
- approved
- refused
- granted on appeal/ call-in
- rejected on appeal/ call-in
- awaiting decision (by LA or call-in)?

13. Have any retail developments in the District been refused because of their potential impact on a town centre?

Yes / No

If yes, please give brief details below.

14. Have any retail developments taken place which have harmed the vitality and viability of a town centre?

Yes / No

If yes, please indicate the location of the development(s)

15. Is there any evidence that recent shopping developments have resulted in cumulative impact on a town centre?

Yes / No

If yes, please state which town centre

16. Which of the following steps has the local authority taken to promote town centre management *(please tick)*:

- appointment of town centre manager
- preparation of town centre strategy
- health check appraisal
- environmental improvements
- pedestrianisation
- traffic management
- other (please specify)

17. In which centre(s) have you introduced town centre management initiatives?

Thank you for your co-operation.

APPENDIX 5

LOCAL AUTHORITY SURVEY: SAMPLING METHOD

To obtain the sample for the survey of local authorities, it was decided to include all County Councils in England, Scotland and Wales - at the time of the survey this was a total of 56. To reduce the survey to a manageable size, a sample of 1 in 4 District Councils was selected - representing 109 Districts out of a total of 438 in England, Scotland and Wales. The sample of Districts was stratified geographically and by size of District within each County. A procedure was drawn up to select which Districts would be included in each County. Districts were listed in descending order of population size and they were selected by their rank order in the list. According to the number of Districts per County, the rank order of Districts selected was as follows:

Number of Districts in County	Number of Districts in Sample	Rank Number Selected
2	1	1
3	1	2
4	1	2
5	1	3
6	2	3
7	2	2,6
8	2	2,6
9	2	3,7
10	3	1,5,9
11	3	2,6,10
13	3	2,6,10
14	4	1,5,9,13
19	4	1,6,11,16

APPENDIX 6: LOCAL AUTHORITIES RESPONDING TO THE SURVEY

County Councils

Avon CC
 Bedfordshire CC
 Berkshire CC
 Buckinghamshire CC
 Cambridgeshire CC
 Cheshire CC
 Cleveland CC
 Cornwall CC
 Cumbria CC
 Derbyshire CC
 Devon CC
 Dorset CC
 Durham CC
 East Sussex CC
 Essex CC
 Gloucestershire CC
 Hampshire CC
 Hereford and Worcester CC
 Hertfordshire CC
 Humberside CC
 Isle of Wight CC
 Kent CC
 Lancashire CC
 Leicestershire CC
 Lincolnshire CC
 Norfolk CC
 Northamptonshire CC
 North Yorkshire CC
 Northumberland CC
 Nottinghamshire CC
 Oxfordshire CC
 Shropshire CC
 Somerset CC
 Staffordshire CC
 Suffolk CC
 Surrey CC
 Warwickshire CC
 West Sussex CC
 Wiltshire CC
 Borders RC
 Central RC
 Fife RC
 Grampian RC
 Highland RC
 Lothian RC
 Strathclyde RC
 Tayside RC
 Clwyd CC
 Dyfed CC
 Gwent CC
 Mid-Glamorgan CC
 Powys CC
 South Glamorgan CC
 West Glamorgan CC

Metropolitan Councils

Doncaster MBC
 Dudley MBC
 Kirklees MBC
 Manchester City
 Rochdale MBC
 Salford City
 Sefton MBC
 Wolverhampton MBC
 Bromley LB
 Camden LB
 Greenwich LB
 Haringey LB
 Redbridge LB
 Wandsworth LB

Other District Councils:
England
 Allerdale BC
 Ashfield DC
 Bath City
 Bedford BC
 Boothferry BC
 Bromsgrove DC
 Crawley BC
 Crewe and Nantwich BC
 Dacorum BC
 Daventry DC
 Easington DC
 East Northamptonshire DC
 Eastleigh BC
 Erewash BC
 Exeter City
 Fenland DC
 Gravesham BC
 Great Grimsby BC
 Hambleton DC
 Hastings BC
 Hinckley and Bosworth BC
 Hyndburn BC
 Langbaugh on Tees BC
 Lichfield DC
 Macclesfield BC
 Mendip DC
 Mid Suffolk DC
 Mid Sussex DC
 Newark and Sherwood DC
 North Dorset DC
 North Shropshire DC
 Norwich City
 Oadby and Wigston BC
 Peterborough City
 Poole BC
 Portsmouth City
 Reigate and Banstead BC

Rochester upon Medway

Runnymede BC
 Scarborough BC
 Slough BC
 South Derbyshire DC
 South Kesteven DC
 South Oxfordshire DC
 South Ribble BC
 Southend-on-Sea BC
 Spelthorne BC
 Stafford BC
 Stratford on Avon DC
 Suffolk Coastal DC
 Swale BC
 Thurrock BC
 Torridge DC
 Tunbridge Wells BC
 Uttlesford DC
 Watford Council
 Wealden DC
 Wear Valley DC
 Welwyn Hatfield Council
 West Wiltshire DC
 Winchester City
 Wokingham DC
 Woodspring DC

Scotland and Wales

Clydebank DC
 Dumbarton DC
 Dunfermline DC
 Glasgow City
 Monklands DC
 Perth and Kinross DC
 Stirling DC
 Moray DC
 West Lothian DC
 Brecknock BC
 Cardiff City
 Ceredigion DC
 Colwyn BC
 Cynon Valley BC
 Ogwr BC
 Torfaen BC

APPENDIX 7: SUMMARY OF APPEAL DECISIONS

APPEALS ALLOWED			
Year	Food	Non-Food	Total
1983	8	7	15
1984	11	17	28
1985	14	18	32
1986	16	50	66
1987	24	46	70
1988	26	40	66
1989	22	36	58
1990	13	16	29
1991	13	11	24
1992	19	7	26
1993 (to June)	15	4	19
1993 (from July)	16	10	26
1994	14	21	35
1995	18	5	23
1996	10	0	10
Total	239	288	527
APPEALS DISMISSED			
Year	Food	Non-Food	Total
1983	16	15	31
1984	12	20	32
1985	15	14	29
1986	10	15	25
1987	25	25	50
1988	20	43	63
1989	22	31	53
1990	16	8	24
1991	11	5	16
1992	12	2	14
1993 (to June)	14	3	17
1993 (from July)	8	3	11
1994	36	14	50
1995	16	10	26
1996	12	2	14
Total	245	210	455

APPENDIX 8: APPEALS ALLOWED

Year	North	Midlands	South	Wales	Scotland	Total Gt Britain
FOODSTORES						
1983	1	1	5	1	0	8
1984	3	0	8	0	0	11
1985	5	3	4	1	1	14
1986	4	0	11	0	1	16
1987	10	3	11	0	0	24
1988	9	3	8	1	5	26
1989	6	3	8	0	5	22
1990	4	0	6	1	2	13
1991	5	0	7	0	1	13
1992	3	1	12	0	3	19
1993 (to June)	2	2	7	1	3	15
1993 (from July)	3	2	9	2	0	16
1994	2	2	10	0	0	14
1995	3	2	8	1	4	18
1996	2	1	5	0	2	10
Total	62	23	119	8	27	239
NON-FOOD STORES						
1983	0	0	6	1	0	7
1984	1	1	13	1	1	17
1985	3	2	10	2	1	18
1986	3	5	36	4	2	50
1987	6	3	29	4	4	46
1988	6	6	18	5	5	40
1989	5	4	22	2	3	36
1990	3	1	9	1	2	16
1991	1	1	5	3	1	11
1992	4	0	2	1	0	7
1993 (to June)	1	1	1	0	1	4
1993 (from July)	0	3	6	0	1	10
1994	6	1	13	0	1	21
1995	0	1	3	0	1	5
1996	0	0	0	0	0	0
Total	39	29	173	24	23	288
ALL MAJOR RETAIL DEVELOPMENTS						
1983	1	1	11	2	0	15
1984	4	1	21	1	1	28
1985	8	5	14	3	2	32
1986	7	5	47	4	3	66
1987	16	6	40	4	4	70
1988	15	9	26	6	10	66
1989	11	7	30	2	8	58
1990	7	1	15	2	4	29
1991	6	1	12	3	2	24
1992	7	1	14	1	3	26
1993 (to June)	3	3	8	1	4	19
1993 (from July)	3	5	15	2	1	26
1994	8	3	23	0	1	35
1995	3	3	11	1	5	23
1996	2	1	5	0	2	10
Total	101	52	292	32	50	527

APPENDIX 9: APPEALS DISMISSED

Year	North	Midlands	South	Wales	Scotland	Total Gt Britain
FOODSTORES						
1983	5	0	11	0	0	16
1984	4	3	5	0	0	12
1985	5	2	6	0	2	15
1986	1	1	3	0	5	10
1987	7	6	9	1	2	25
1988	4	2	10	0	4	20
1989	9	1	9	0	3	22
1990	1	4	10	0	1	16
1991	1	1	8	0	1	11
1992	0	0	11	0	1	12
1993 (to June)	2	1	9	0	2	14
1993 (from July)	1	0	5	2	0	8
1994	2	1	26	3	4	36
1995	4	4	6	1	1	16
1996	2	5	5	0	0	12
Total	48	31	133	7	26	245
NON-FOOD STORES						
1983	5	2	5	3	0	15
1984	5	2	8	3	2	20
1985	3	3	4	2	2	14
1986	1	1	8	2	3	15
1987	1	2	18	2	2	25
1988	4	2	23	4	10	43
1989	4	2	15	5	5	31
1990	2	1	3	1	1	8
1991	0	0	3	0	2	5
1992	1	0	0	0	1	2
1993 (to June)	1	0	1	0	1	3
1993 (from July)	0	1	2	0	0	3
1994	3	2	8	1	0	14
1995	1	4	4	0	1	10
1996	0	1	0	1	0	2
Total	31	23	102	24	30	210
ALL MAJOR RETAIL DEVELOPMENTS						
1983	10	2	16	3	0	31
1984	9	5	13	3	2	32
1985	8	5	10	2	4	29
1986	2	2	11	2	8	25
1987	8	8	27	3	4	50
1988	8	4	33	4	14	63
1989	13	3	24	5	8	53
1990	3	5	13	1	2	24
1991	1	1	11	0	3	16
1992	1	0	11	0	2	14
1993 (to June)	3	1	10	0	3	17
1993 (from July)	1	1	7	2	0	11
1994	5	3	34	4	4	50
1995	5	8	10	1	2	26
1996	2	6	5	1	0	14
Total	79	54	235	31	56	455

APPENDIX 10: FACTORS INVOLVED IN DECISIONS ON MAJOR RETAIL DEVELOPMENTS

APPEALS ALLOWED						
Factor	North	Midlands	South	Wales	Scotland	Total Gt Britain
TO 1988						
Need Accepted	5	5	26	1	3	40
No Central Sites Available	1	1	2	1	1	6
No Significant Retail Impact	26	14	79	12	8	139
Shopping Policy Issues	11	4	31	4	10	60
Amenity	11	7	39	4	2	63
Traffic/Access/Parking	13	4	55	9	6	87
Industrial Land Issues	12	11	48	7	9	87
Regeneration	3	1	7	0	2	13
Employment Benefits	3	2	16	1	1	23
Cumulative Impact	2	2	4	0	1	9
Linked Trips	0	0	2	0	0	2
Total	87	51	309	39	43	529
1989 TO JUNE 1993						
Need Accepted	2	0	6	1	2	11
No Central Sites Available	0	0	1	0	0	1
No Significant Retail Impact	19	5	38	6	8	76
Shopping Policy Issues	6	3	8	0	5	22
Amenity	10	1	20	4	2	37
Traffic/Access/Parking	7	1	24	3	4	39
Industrial Land Issues	8	4	14	2	1	29
Regeneration	2	1	4	1	1	9
Employment Benefits	5	2	8	2	0	17
Cumulative Impact	4	2	5	0	2	13
Linked Trips	0	0	0	0	0	0
Total	63	19	128	19	25	254
FROM JULY 1993						
Need Accepted	0	0	3	0	1	4
No Central Sites Available	0	0	0	0	0	0
No Significant Retail Impact	4	1	11	1	5	22
Shopping Policy Issues	1	2	6	0	0	9
Amenity	1	1	3	0	3	8
Traffic/Access/Parking	1	2	2	1	0	6
Industrial Land Issues	0	1	3	0	0	4
Regeneration	0	0	0	0	1	1
Employment Benefits	2	0	2	0	0	4
Cumulative Impact	1	0	1	0	0	2
Linked Trips	1	0	1	0	0	2
Total	11	7	32	2	10	62

APPENDIX 11: FACTORS INVOLVED IN DECISIONS ON MAJOR RETAIL DEVELOPMENTS

APPEALS DISMISSED						
Factor	North	Midlands	South	Wales	Scotland	Total
						Gt Britain
TO 1988						
Effect on Central Area Redevelopment	3	3	13	1	1	21
Loss of Industrial Land	9	8	24	6	4	51
Impact on Other Centres	24	15	37	6	14	96
Contrary to Policy	18	11	31	8	20	88
Inadequate Public Transport	2	0	4	2	1	9
Amenity/Environment	14	4	31	6	8	63
No Evidence of Need	13	6	16	3	1	39
Car Parking/Servicing	2	1	7	3	9	22
Another Site Preferred by LA	2	0	2	0	1	5
Traffic/Access Problems	18	8	37	0	3	66
Over-development of Site	0	0	6	4	13	23
Loss of Housing Land	0	0	4	1	2	7
Loss of Agricultural Land	2	0	5	1	2	10
Cumulative Impact	4	2	5	2	0	13
Total	111	58	222	43	79	513
1989 TO JUNE 1993						
Effect on Central Area Redevelopment	0	1	3	1	0	5
Loss of Industrial Land	5	6	11	2	4	28
Impact on Other Centres	7	5	20	5	6	43
Contrary to Policy	1	0	16	0	3	20
Inadequate Public Transport	0	0	0	0	0	0
Amenity/Environment	9	2	29	3	5	48
No Evidence of Need	4	0	9	0	0	13
Car Parking/Servicing	0	1	2	0	1	4
Another Site Preferred by LA	0	0	1	0	0	1
Traffic/Access Problems	6	1	12	2	0	21
Over-development of Site	0	0	1	0	6	7
Loss of Housing Land	0	0	1	0	0	1
Loss of Agricultural Land	1	0	3	0	1	5
Cumulative Impact	3	1	6	0	1	11
Total	36	17	114	13	27	207
FROM JULY 1993						
Effect on Central Area Redevelopment	0	0	2	0	1	3
Loss of Industrial Land	0	1	2	0	0	3
Impact on Other Centres	5	7	4	1	0	17
Contrary to Policy	5	9	10	0	0	24
Inadequate Public Transport	2	3	4	0	0	9
Amenity/Environment	1	2	4	1	2	10
No Evidence of Need	0	0	0	0	0	0
Car Parking/Servicing	0	0	0	0	0	0
Another Site Preferred by LA	1	1	1	0	0	3
Traffic/Access Problems	1	2	2	1	0	6
Over-development of Site	0	0	0	0	1	1
Loss of Housing Land	0	1	0	1	0	2
Loss of Agricultural Land	0	1	0	0	0	1
Cumulative Impact	0	1	1	0	0	2
Total	15	28	30	4	4	81